Daily Report

Latin America

FBIS-LAT-96-101
Thursday
23 May 1996

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Latin America

FBIS-LAT-96-101 *23 May 1996*

CONTENTS

INTER-AMERICAN AFFAIRS

Inter-American Affairs: Ministers Not To Attend Rio Meeting *[NOTICIAS ARGENTINAS]* 1
Inter-American Affairs: Mexico, C.A. Sign Antidrug Memo *[NOTIMEX]* 1
Inter-American Affairs: Mexico, C.A. To Begin Trade Talks *[NOTIMEX]* 2

CARIBBEAN

Cuba

Cuba: Russian Minister To Discuss Nuclear, Economic Ties *[PRENSA LATINA]* 3
Cuba: Russian Foreign Minister Begins Official Visit *[PRENSA LATINA]* 3
Cuba: Russia's Rejection of Helms-Burton Law Reiterated *[PRENSA LATINA]* 4
Cuba: Russia's Primakov on Ties, Helms-Burton Law *[PRENSA LATINA]* 4
Cuba: Primakov Views Ties With Robaina, Lage, Cabrisas *[Havana TV]* 5
Cuba: Primakov Visit Viewed as Boost to Bilateral Ties *[PRENSA LATINA]* 6
Cuba: 3d Partner Said Sought To Complete Juragua Reactor *[Madrid EFE]* 7
Cuba: Emergency Declared by Minaz, CTC in Sugar Sector *[Havana Radio]* 7
Cuba: Caricom Foreign Ministers Reject Helms-Burton Law *[Havana Radio]* 8
Cuba: Diplomatic Relations With Dominica Restored *[PRENSA LATINA]* 8
Cuba: Sancti Spiritus Plant Makes Biological Pesticides *[Havana Radio]* 8
Cuba: ANIR Stresses Need To Control Appliance Imports *[Havana Radio]* 9
Cuba: Organizations for Handicapped Exempt From Taxes *[Havana Radio]* 9
Cuba: Cuban Academy of Sciences Reorganized *[Havana TV]* 9
Cuba: Foreign TV Received Via Satellite in Santa Clara *[Havana Radio]* 10

Dominican Republic

Dominican Republic: Gomez Receives 46 Percent of Votes *[AFP]* 10
Dominican Republic: 'Patriotic Front' Urged for Candidate *[NOTIMEX]* 11

MEXICO

Mexico: Communist Victory in Russia 'Almost Impossible' *[NOTIMEX]* 12
Mexico: Two PRI, PRD Leaders Killed in Guerrero State *[REFORMA 21 May]* 12
Mexico: Economic Effects of U.S. Tuna Embargo Assessed *[NOTIMEX]* 13
Mexico: Capital Unemployment Survey Results Reported *[REFORMA 12 Apr]* 14

CENTRAL AMERICA

Guatemala

Guatemala: Labor Leaders Leave Parliament Peacefully *[ACAN]* 17

Honduras

Honduras: Move of U.S. Troops to Honduras 'Not Discussed' *[ACAN]* 17

Nicaragua

Nicaragua: Parties Demand Security for Elections *[Managua TV]* 18

Nicaragua: Registration Problems in Some Areas Noted *[LA PRENSA 20 May]* 18

Panama

Panama: Officials Deny Guerrillas Control Darien Province *[EL PANAMA AMERICA 19 May]* 18
Panama: Plots Assigned to Supreme Court, Court of Americas *[LA ESTRELLA DE PANAMA 22 May]* 19

SOUTH AMERICA

Argentina

Argentina: Deputy Links Arms Deal to CIA Operations *[NOTICIAS ARGENTINAS]* 20
Argentina: Menem Tells Mayor To Ignore Court *[LA PRENSA 17 May]* 20
Argentina: Mayor Appeals Lower Court Indictment *[NOTICIAS ARGENTINAS]* 21
Argentina: New Military Industries Director Sworn In *[TELAM]* 21
Argentina: Economist Says Recession Over *[TELAM]* 21
Argentina: Article Views Signs of Economic Upturn *[CLARIN 19 May]* 22
Argentina: Government To 'Review' Anticorruption Draft *[CLARIN 18 May]* 22
Argentina: Editorial Hails Steps To Control Corruption *[CLARIN 18 May]* 23
Argentina: Administration's Problems, 'Impunity' Viewed *[CLARIN 19 May]* 23
Argentina: Peaceful Protest Held Against Governor *[LA PRENSA 18 May]* 25

Bolivia

Bolivia: Administration, Coca Farmers Reach Agreement *[LOS TIEMPOS 9 May]* 26
Bolivia: Coca Growers Suspend Eradication of Crops *[La Paz Radio]* 27
Bolivia: Accord Will Be Signed With Mercosur in Jun *[EL MUNDO 16 May]* 27
Bolivia: Opposition Parties React to Military Allegations *[PRESENCIA 14 May]* 27
Bolivia: Editorial Urges Armed Forces To Prove Charges *[EL MUNDO 14 May]* 28
Bolivia: Military Reaffirms Compliance With Constitution *[EL MUNDO 15 May]* 29
Bolivia: Financial Crimes To Face 'Harsh' Measures *[Madrid EFE]* 29
Bolivia: News Summary for 21 May *[Social Communications Ministry WWW]* 30

Brazil

Brazil: Nuclear Cooperation Agreement Signed With Canada *[Brasilia Radio]* 30
Brazil: French View Cooperation in Space Industry *[Paris LE FIGARO 22 May]* 31
Brazil: Venezuelan President on Real Plan, Mercosur *[Brasilia Radio]* 31
Brazil: Cardoso Addresses Businessmen in Brasilia *[Rio de Janeiro TV, etc.]* 31
Brazil: Cardoso's Falling Popularity Viewed in Poll *[JORNAL DO BRASIL, etc.]* 32
Brazil: Cardoso Forges Electoral Alliance in Rio *[JORNAL DO BRASIL 15 May]* 33
Brazil: Senate Threatens To Change Telecom Bill *[JORNAL DO BRASIL 15 May]* 34
Brazil: Chamber's Passage of Telecom Bill Discussed *[O ESTADO DE SAO PAULO 16 May]* 35
Brazil: Deputies Defeat Government on Social Security Issues *[Rio de Janeiro TV]* 36
Brazil: Commentator Argues Auto Accord Violates WTO Rules *[O GLOBO 16 May]* 36
Brazil: Malan Assesses Economic Growth Prospects *[O GLOBO 19 May]* 37
Brazil: Bulletin on Economic Situation Released *[Brasilia Radio]* 39
Brazil: BC's Franco Views Economic Performance *[JORNAL DO BRASIL 12 May]* 40
Brazil: Roundup of Economic Developments Through 21 May *[AGENCIA ESTADO, etc.]* 43
Brazil: Police Demonstrate Against Administrative Reform *[Rio de Janeiro TV]* 43
Brazil: Army Donates Land for Agrarian Reform *[Rio de Janeiro TV]* 43

Colombia

Colombia: Defense Minister on U.S. Presence Near Border *[Santa Fe de Bogota Radio]* 44

Colombia: Extradition, U.S. 'Hatred' Toward Samper Viewed *[EL TIEMPO 22 May]* 44
Colombia: Minister Rejects Venezuela's 'Hot Pursuit' Bid *[Santa Fe de Bogota Radio]* 45
Colombia: Commander on Venezuelan Minister's Statements *[Santa Fe de Bogota Radio]* 45
Colombia: Envoy Says Venezuela Violates Human Rights *[EL TIEMPO 18 May]* 46
Colombia: Interior Minister Interviewed on Ruling *[Santa Fe de Bogota Radio]* 46
Colombia: Communications Minister Interviewed *[Santa Fe de Bogota Radio]* 48
Colombia: Prosecutor General Views Samper's Statements *[Santa Fe de Bogota Radio]* 50
Colombia: Officials, Businessmen React to Court Ruling *[Santa Fe de Bogota Radio]* 50
Colombia: Representatives Said To Favor Samper's Acquittal *[Madrid EFE]* 51
Colombia: Governor Confirms Meeting on Public Order *[EL TIEMPO 22 May]* 52
Colombia: Samper Announces Bid for Canal in Uraba *[Santa Fe de Bogota Radio]* 53
Colombia: General Says Army To Receive New Soldiers *[Santa Fe de Bogota Radio]* 53
Colombia: Commander Defends Military Measures in Guaviare *[Santa Fe de Bogota Radio]* 53
Colombia: Air Force Uses 'Tridimensional' Military Radar *[EL TIEMPO 18 May]* 54

Ecuador

Ecuador: OAS Observer on Election Irregularities *[Madrid EFE]* 54
Ecuador: Political Parties Define Positions for Runoff *[Madrid EFE]* 55

Paraguay

Paraguay: General Loyal to Oviedo Relieved of Position *[Asuncion TV]* 56
Paraguay: Obstruction of Suit Against Oviedo Denied *[Asuncio TV]* 56
Paraguay: Civilian To Head Antinarcotics Directorate *[NOTICIAS 21 May]* 56

Peru

Peru: Fujimori, Clinton Discuss Berenson Case *[EXPRESO 22 May]* 57

Venezuela

Venezuela: Defense Minister Says 'Hot Pursuit' Necessary *[Caracas TV]* 57
Venezuela: Acting Minister Urges Solution to Border Issue *[Madrid EFE]* 58
Venezuela: Minister Presents Foreign Debt Finance Program *[Caracas TV]* 58

Suriname

Suriname: President's Prospects as Candidate Viewed *[Rotterdam ALGEMEEN DAGBLAD 22 May]* 59

Inter-American Affairs: Ministers Not To Attend Rio Meeting

PY2205142396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2018 GMT 21 May 96

[FBIS Translated Text] La Paz, 21 May (AFP-NA) — According to official sources in La Paz, on 21 May the foreign ministers of Argentina, Brazil, Jamaica, and Panama for various reasons declined to participate in the upcoming Rio Group meeting, scheduled for late May, while the presence of Chilean Foreign Minister Jose Miguel Insulza is still uncertain.

According to host minister Antonio Aranibar, Rio Group temporary secretary, so far only eight foreign ministers have confirmed their presence at the two-day meeting, where they will work on the agenda of the Rio Group 10th summit to be held in Bolivia in late August.

According to Aranibar, the absence of the foreign ministers "by no means will have a negative impact on the drafting of the agenda for the summit."

Aranibar added that Insulza will not attend the meeting "for technical reasons."

The Latin American foreign ministers are scheduled to meet in Cochabamba on 27-28 May.

Inter-American Affairs: Mexico, C.A. Sign Antidrug Memo

PA2205155796 Mexico City NOTIMEX in Spanish 2324 GMT 20 May 96

[FBIS Translated Text] Mexico City, 20 May (NOTIMEX) — Delegates from Mexico, Belize, Costa Rica, Panama, Nicaragua, Guatemala, Honduras, and El Salvador signed today a memorandum of understanding with the UN Program for International Drug Oversight (UNPIDO) [Program de Naciones Unidas para la Fiscalizacion Internacional de Drogas].

Mexican Foreign Secretary Jose Angel Gurria signed Mexico's pledge to eradicate drug trafficking and cooperate with the countries of the region in a coordinated, solidary, and effective offensive against one of the most pressing problems affecting the community.

Gurria stressed the growing capability of the signatory nations to build a privileged relationship that will favor the negotiation of increasingly firm agreements ?o tackle common challenges and problems.

Before representatives from the eight signatory nations and UNPIDO Executive Director Georgio Giacomelli, Gurria said that the signing of the memorandum is a great indication of the commitment to confront drug trafficking and drug addiction via joint strategies.

Gurria indicated that the commitment to implement joint programs to fight the demand, production, and trafficking of drugs also demonstrates the consistency and determination of the governments and endorses the basic principle of shared responsibility.

He pointed out that the criminal organizations linked to drug trafficking have no nationality or flag. They consist of persons who operate anywhere and whose only goal is their own benefit.

Mexico has made a commitment, based on an integral approach, to implement a broad strategy to fight drug trafficking at the domestic level. This strategy will tackle all the aspects of the problem in a proportional fashion, Gurria stated.

He added: "This is why we have signed agreements with more than 20 countries, have outlined cooperation plans that will guarantee the efficient exchange of information, and have outlined technical cooperation programs."

The memorandum was signed by Mexican Attorney General Antonio Lozano Gracia and the ambassadors of Nicaragua, Panama, Belize, Costa Rica, El Salvador, and Honduras.

In addition, the document was signed by Guatemalan Charge d'affaires Manuel Estuardo Roldan and UNPIDO Executive Director Georgio Giacomelli.

The memorandum of understanding, which enters into force as of today, firms up the guidelines outlined during the meeting of chiefs of state and government at the Tuxtla II Summit, held in San Jose in February.

The signatories commit themselves to confront, at the subregional level, the problems linked to the supervision and prevention of the production, consumption, and illegal trade of narcotics and other psychotropic substances and related crimes.

The document establishes the implementation of cooperation programs to strengthen the practical, operational, and preventive infrastructure of relevant organizations to fight drug trafficking, as well as the infrastructure to prevent and rehabilitate drug addicts.

The document also contains provisions to strengthen the training and specialization of competent personnel in these areas and provide the required technical assistance to promote the creation of a network to exchange information and knowledge in this subregion.

The parties agreed that their participation in the solution of these pro??ems will take place within the framework of strict respect for the sovereignty and nonintervention into the internal affairs of each state.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The text indicates that the signatories will exchange technology, experience, and information, in addition to promoting the preparation of subregional programs that will complement the national plans to develop policies that are in tune with the situation of every country.

Concerning prevention, the parties will launch a support program for the collection, systematization, dissemination and training of personnel on this topic, as well as the implementation and exchange of plans, programs, and projects to prevent drug addiction and treat, rehabilitate, and reintegrate drug addicts into society.

Regarding the aspect of control, an aspect in which the signatories agreed to step up actions, they will launch a subregional program that includes the training and specialization of technical groups and the exchange of information on the problem.

Lastly, they will work on the task of coordinating laws, which will imply making progress in the drafting of compatible laws.

Meanwhile, the UNPIDO confirmed its determination to support with economic and material resources those activities that governments coordinate to tackle this problem and will ask regional organizations to join in to reinforce this cooperation.

In order to conduct periodic evaluations of the situation, the governments agreed to alternate the location of the biannual meetings, which will be held with the support of UNPIDO.

The memorandum of understanding is based on the principle that international cooperation is the best way to tackle "drug activities" and that a privileged association of this type will enable the subregion to reach agreements and strengthen its position.

Inter-American Affairs: Mexico, C.A. To Begin Trade Talks

PA2205232996 Mexico City NOTIMEX in Spanish 1802 GMT 21 May 96

[FBIS Translated Text] Mexico City, 21 May (NOTIMEX) — Mexico and the countries from the Northern Triangle of Central America (Guatemala, Honduras, and El Salvador) will begin next Friday in the Guatemalan capital negotiations for a free trade agreement, it was reported here today.

The Secretariat of Commerce and Industrial Development of Mexico said in a communique that Secretary Herminio Blanco Mendoza will attend the ceremony, in which the dates for "the next meetings" among the parties "will be established."

Mexico agreed last February in Costa Rica, during the "Tuxtla II" presidential summit with Central America, to negotiate commercial agreements with nations from the Central American isthmus to create, in the near future, a regional free trade zone.

Costa Rica negotiated with Mexico a bilateral commercial accord, which was concluded in July 1994. This accord went into effect on 1 January 1995. Nicaragua also maintains negotiations with Mexico for the signing of a free trade agreement, which could conclude next June.

Negotiations with the Northern Triangle were suspended last year due to various problems, among them, the devaluation of the Mexican peso.

Also, in February, the presidents of Mexico and Panama, Ernesto Zedillo and Ernesto Perez Balladares, respectively, instructed their corresponding ministers of commerce and economy to initiate contacts leading to the negotiation of a similar agreement.

Blanco Mendoza will arrive in Guatemala City on Thursday to sign on that same day the 10th Protocol Modifying the Partial Trade Agreement Between Mexico and Guatemala.

During the recent visit of Guatemalan President Alvaro Arzu to Mexico, Mexican authorities extended this agreement, in effect since 1984, for one year. This will allow Guatemala to increase the number of products that receive tariff exemptions from 289 to 983.

Meanwhile, the Mexican official will also sign the cooperation agreement between Guatemala's Ministry of Economy, Mexico's Secretariat of Commerce and Industrial Development, and the National Foreign Trade Bank of Mexico (Bancomext).

According to the program, it is expected that the Mixed Trade Commission between the two nations will be installed next Wednesday.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cuba

Cuba: Russian Minister To Discuss Nuclear, Economic Ties

PA2105231196 Havana PRENSA LATINA in Spanish 0508 GMT 21 May 96

[Article by Mario Esquivel]

[FBIS Translated Text] Havana, 21 May (PL) — Trade between Cuba and Russia, close to $9 billion in 1989, today faces a process of reactivation under new conditions following the break-up of the Soviet Union five years ago.

The visit by Russian Foreign Relations Minister Yevgeniy Primakov to this country, beginning today, no doubt places the topic of trade among the priorities on Primakov's agenda with the Cuban authorities, which was preceded by the agreements signed by both parties in October 1995.

By the end of 1995, economic links between Havana and Moscow recovered part of their strength that led the European country to become the island's main trading partner during the 1980's through important oil-for-sugar swap agreements and access to various credits.

At that time, representatives of both states defined the creation of a commission aimed at encouraging completion of the Juragua Nuclear Power Plant, in Cienfuegos Province. Work was suspended in 1990 for economic reasons.

Local experts reckon that about $750 million is what it will cost to put the plant's first reactor into operation. The plant can save Cuba about 700,000 tons of oil a year.

Of the total investment, Cuba and Russia will provide $550 million. The balance of the funding will be from western enterprises.

Moscow also extended a $30 milion credit for Juragua maintenance, which has been in effect since 1993, in order to preserve the $1 billion worth of work already completed in the plant.

Likewise, the trade protocol covering 1996-98 establishes the supply of Cuban sugar in exchange for Russian oil, in a parity of approximately three tons of crude for one ton of sugar.

In the opinion of some analysts, this exchange modality allows Moscow access to a product with purchase prices lower than those in Russia's domestic market. In addition, it allows the possibility of acquiring it without spending freely convertible currency at international commodity exchanges.

Thirty percent of Russia's sugar plants, which existed at the time of the Soviet Union, use outdated technology and suffer from high production costs, thus, the agreement to supply Cuban sugar will prevent the collapse of that industry.

The execution of this transaction is currently facing difficulties with one of the Russian enterprises (Alfa-Eco) charged with fulfilling it, after this company requested significant changes to the agreement signed in October.

In this regard, Cuban diplomatic sources in Russia said that the Russian company wants to review the agreed price formulas, reduce freight costs, and sell a greater amount of sugar with an unspecified destination, which is intended for sale to third countries.

Nevertheless, representatives of the Russian Committee for Latin America Cooperation described Alfa-Eco's position as contrary to that of the government's, which encourages the re-establishment of equal conditions in economic-commercial relations, with precedents established during three decades of ties between the island and the former Soviet Union.

Cuba: Russian Foreign Minister Begins Official Visit

PA2205191896 Havana PRENSA LATINA in Spanish 2304 GMT 21 May 96

[FBIS Translated Text] Havana, 21 May (PL) — Russian Foreign Minister Yevgeniy Primakov arrived today in this capital for a three-day official visit, which it is believed will considerably contribute to reactivating the ties between his country and Cuba.

Cuban Foreign Relations Minister Roberto Robaina, among other high-ranking government officials, welcomed the guest, who was coming from Mexico, at the Jose Marti International Airport, which was his first stop on a tour of three nations that started on 19 May.

On this trip, Primakov is accompanied by Nikolai Spasski and Vladimir Tiurdeniev, who head the U.S.-Canadian and Latin American divisions of the Russian Foreign Ministry.

Before leaving for Venezuela on 25 May, Primakov will follow a hectic agenda here, which, according to Cuban Government sources, will include the signing of a document broadening scientific, cultural, and sports ties.

Likewise, he will hold talks with Carlos Lage, Council of Ministers executive secretary; Foreign Minister Robaina; and Foreign Trade Minister Ricardo Cabrisas

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and will participate in a luncheon in his honor hosted by local Parliament President Ricardo Alarcon.

Analysts believe that the Russian representative's work will also focus on the reactivation of bilateral trade, which stagnated following the fall of the Soviet Union in 1991. This bilateral trade recorded a record amount of $9 billion in 1989.

The strengthening of the ties would take place under new political conditions and is preceded by agreements the two sides signed in October 1995 on matters pertaining to the exchange of sugar for oil and the island's access to various credits.

According to observers, the issue of the completion of the Juragua Thermonuclear Plant, which is located east of this capital and the construction of which was suspended in 1990 for economic reasons, will also be included in the "highest level" talks.

Primakov's visit has been stressed by both Moscow and Havana, and, on 17 May, the State Duma ratified the agreement for the promotion and protection of reciprocal investments signed in 1993.

A few days ago, Cuban legislative branch president Alarcon praised the Russian deputies' decision and exalted their statements rejecting the blockade the United States has imposed on the island and the Helms-Burton law, which promotes the internationalization of the economic siege.

Primakow said yesterday in Mexico City that this Washington law creates a dangerous precedent as it extends a nation's jurisdiction to the economic and commercial relations of an entire planet.

The Russian foreign minister pointed out that the tension on the Cuban coasts seems to be the last iceberg from the Cold War, and Russia is willing to work together with the Latin American countries to break it up.

Cuba: Russia's Rejection of Helms-Burton Law Reiterated

PA2205225096 Havana PRENSA LATINA in Spanish 0012 GMT 22 May 96

[By Eduardo Montes de Oca]

[FBIS Translated Text] Havana, 21 May (PL) — Russian Foreign Minister Yevgeniy Primakov reiterated here today that his country rejects the Helms-Burton law, which sponsors the internationalization of the economic blockade imposed by Washington against Cuba for over three decades.

Questioned by PRENSA LATINA upon his arrival this afternoon (local time) at Jose Marti International Airport, Primakov said he has a negative opinion about the law due to its extraterritorial character, adding that he hopes the White House will not enforce it.

The head of Kremlin's diplomacy said: My country's relations with the island will continue in any case. He referred to the statements given yesterday in Mexico, the first stop in a tour through three Latin American nations, which began on 19 May.

According to the visitor, the plan by Senator Jesse Helms and Representative Dan Burton (co-authors of the law that strengthens the blockade against Cuba) establishes a dangerous precedent by extending a nation's jurisdiction to all economic and trade relations on the planet.

Shortly before his departure for this capital — the second stop of his visit through the sub-continent — the high-ranking Russian official said that the tension around Cuba's coasts is apparently the last bit of ice left from the Cold War, and "Russia is willing to work (....) to break it."

The mentioned law stipulates, among other things, the refusal to issue U.S. visas to businessmen from around the world who invest in old U.S. assets in Cuba confiscated by the Cuban Government.

Likewise, the visitor told the media on Tuesday that "we have long-standing ties with Cuba, mutual respect, the present, and the future." On a bilateral basis there is great potential for the development of ties in the economic, cultural, and political sectors, he added.

Primakov arrived accompanied by officials like Nikolay Spasskiy and Vladimir Tiurdiyenev, heads of the Russian Foreign Ministry's U.S. and Canada Directorates, respectively.

Prior to his departure for Venezuela, where he will conclude his visit to the sub-continent on 25 May, the Russian foreign minister will have a busy work schedule, which, according to local official sources, will include the signing of a document to strengthen contacts in the education, scientific, cultural, and sports sectors.

Cuba: Russia's Primakov on Ties, Helms-Burton Law

PA2205215096 Havana PRENSA LATINA in Spanish 1810 GMT 22 May 96

[FBIS Translated Text] Havana, 22 May (PL) — Today, Russian Foreign Affairs Minister Yevgeniy Primakov said that relations between Russia and Cuba continue to be mutually respectful and are based on the principle of full equality of rights and the nonintervention in internal affairs.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

In a statement to the press after concluding official talks with Cuban Foreign Minister Roberto Robaina, Primakov, who arrived in Havana yesterday, stressed that the principles are part of a framework of common objectives and described as positive the status of their relations.

Concerning his remark on the status of Cuban-Russian relations, he said that at no stage, especially after the collapse of the Soviet Union in 1991, could anyone speak of a crisis in bilateral ties. He indicated that "perhaps, we could speak of ups and downs," and added that "we are on the brink of a boom in our relations."

Primakov believes that there is a large area of economic interaction between his country and Cuba, a perfectly beneficial interaction, particularly demonstrated, he recalled, when the Cuban infrastructure was set up with the Soviet Union's cooperation.

"Many of the companies and industries were set up with our participation, which was why we could cooperate in their modernization," Primakov indicated.

Asked by reporters, the high-ranking Russian official reiterated his country's rejection of the Helms-Burton law, designed to internationalize the economic blockade imposed on Havana by Washington more than three decades ago.

This law places sanctions on businessmen throughout the world who invest in U.S. assets that were nationalized by the Cuban authorities, extending even to current U.S. nationals who did not have U.S. citizen status at the time of the nationalization.

Primakov expressed his confidence that the White House will not implement the plan of Senator Jesse Helms and Representative Dan Burton. In tacit reference to Moscow's position should the plan be implemented, he stated: "The bilateral economic relations (Russian-Cuban) concern only the two nations."

The diplomatic practice, he noted, shows that my government does not want to allow any pressure on Cuba and favors an easing of the tensions between Cuba and the United States. We are willing to contribute to this complex process, he indicated.

In an attempt to clear any doubt on the steadfastness of this decision, the Russian foreign minister remarked that the current rapprochement is far from being temporary and will not change after 16 June, when the presidential elections will be held in the Russian Federation.

Moreover, he announced, "I invited Robaina to come to Russia on an official visit after the elections." According to Yevgeniy Primakov, on the occasion of his Cuban counterpart's visit to Moscow, "we will continue constructive talks and could sign other documents."

Prior to the press conference, the two diplomatic leaders signed intergovernmental cooperation agreements in the areas of education, culture, science, and technology for the 1996-1998 period, as well as a protocol on the principles of bilateral relations.

Cuba: Primakov Views Ties With Robaina, Lage, Cabrisas

PA2305031396 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 23 May 96

[Report by Marta Moreno and Daisy Gomez; from the "NTV" newscast]

[FBIS Translated Text] At a news conference held at noon today, Russian Foreign Minister Yevgeniy Primakov stated: We are reaching a pinnacle in bilateral relations between Russia and Cuba. The Russian foreign minister further said: Russia's relations with Cuba are permanent and long lasting, because these relations are a priority for our foreign policy.

In reply to reporters' questions, our guest emphasized that Russia believes that reforms in Cuba are the Cuban people's affair and, therefore, Russia will respect these decisions.

In regard to the U.S. Helms-Burton law, Primakov pointed out that it is unacceptable for any country to impose its domestic law on other countries, adding that diplomatic experience has demonstrated that Moscow does not accept any pressures against Cuba.

The Russian foreign minister had already completed other activities at the Cuban Foreign Ministry. During their official talks, Primakov told Cuban Foreign Minister Roberto Robaina that, aside from ideological ties, the Russian people feel a special sympathy for the Cuban people. Robaina expressed the resolve to maintain mutually beneficial bilateral relations. [Words indistinct] and programs for cultural, educational, technical, and scientific cooperation for the years 1996 through 1998.

Robaina and the Russian foreign minister had earlier placed flowers before the Jose Marti monument at the Revolution Square. During the afternoon, the Russian foreign minister and his accompanying delegation met with Carlos Lage, secretary of the Executive Committee of the Council of Ministers, and Cuban Foreign Trade Minister Ricardo Cabrisas.

During his meeting with Primakov, Cabrisas stated that Russia and Cuba have the necessary institutional framework to promote economic relations. In reply, Primakov

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

said that trade relations with Cuba are particularly significant for Moscow.

During their meeting, Primakov and Lage discussed various aspects pertaining to bilateral relations and other matters of common interest in a friendly and cordial atmosphere.

Cuba: Primakov Visit Viewed as Boost to Bilateral Ties

PA2205162396 Havana PRENSA LATINA in Spanish 1705 GMT 20 May 96

[By Eduardo Montes de Oca: "Russia and Cuba: The Doors Are Reopening"]

[FBIS Translated Text] [No dateline as received] At a standstill following the disappearance of the Soviet Union in 1991, relations between Cuba and Russia could receive a considerable boost as a result of the visit that begins tomorrow in Havana by Russian Foreign Minister Yevgeniy Primakov.

This assertion is based on the concurrence in the views by the two sides on the trip, which was jubilantly announced in Moscow, whose government and Parliament have of late reiterated their support to the Caribbean state, reflected in their rejection of the U.S. Helms-Burton law.

That legislation promotes the internationalization of the economic blockade Washington imposed on Havana more than three decades ago.

Although the post-socialist phase was launched in the Euro-Asiatic nation by advocating a "de-ideologizing" ["desideologizacion"] — to reject a past regarded as taboo — in practice, the new Kremlin tenants seemed at first to be guided by an "obsolete logic" and bilateral ties languished.

That was the era of the clash between those who passed a negative judgment on the traditional ties of friendship between the huge territory and the small island, and those whose talent of historical perspective remained intact and foresaw the virtual reactivation that has taken place.

In the long run, common sense prevailed. The Moscow authorities realized the possibility of a strategic setback, as they realized that across the sea they still had a market that for years had been a consumer of products made in the USSR and a partner open to investment with an enviable political stability.

Now, there are plenty of favorable forecasts regarding the implementation of the program to exchange 3 million metric tons of oil for 1 million metric tons of Cuban sugar.

It has happened that when the shade of friction appeared between a sugar distributor and Cuban exporters, the Kremlin, through Deputy Prime Minister Oleg Davydov, affirmed that if the Russian entity is unable to establish harmonious talks, then "the government will have to take measures to resolve the conflict."

On the eve of Primakov's trip, Davydov, who is also minister of foreign economic relations, categorically discarded the idea that the difficulties may acquire political meaning.

Havana has made evident it is well-disposed toward the visit. On 16 May, it described it as an expression of the normalization and expansion of bilateral ties.

No one can fail to notice the importance of the Russian foreign minister's visit, said Foreign Ministry spokesman Miguel Alfonso. He said the guest "will carry out a broad program of meetings."

He termed the visit from 21 to 23 May a result of "positive contacts Cuba is maintaining with the states that formed part of the Soviet Union."

Whoever sees in Primakov's presence in Havana only Moscow-Havana trade motives empty of more encompassing intentions is short-sighted.

According to various experts, the Russian minister's current tour (Mexico-Cuba-Venezuela) constitutes a new step in the Kremlin's foreign policy, which "plans to recover its space in the Third World."

The experts noted that while Andrey Kozyrev, the previous Russian foreign minister, never received a Latin American ambassador and on three occasions suspended scheduled visits to South America, the current foreign minister, who has been in his post since 9 January, has initiated a renewed diplomatic strategy for the region.

Media reports indicate that his first trip abroad reveals a completely different political orientation and establish that now Russia gives greater importance to its ties with members of the Community of Indepedent States, Western Europe, Asia, and the Pacific.

The reason for this? It could be that Russia has realized it has lost its influence in the world, or it could be a reaction to the NATO expansion to the east; perhaps it is the result of anxiety in the face of Western secret service activities; or all of this and more.

The naked truth is that Primakov will visit this part of the planet before he visits Washington. Aides of Primakov have described these lands as promising, rich in labor and natural resourses, and with "impressive economic, scientific, and technological potential."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

One priority of the tour appears to be the development of "multilateral relations," especially through the promotion of economic and commercial ties.

It is expected that the two parties will exchange points of view on matters such as disarmament, regional and world security, peacekeeping, and cooperation by international organizations in the struggle against terrorism and drug-trafficking.

The visit by Primakov is part of a rejuvenated form of performing by a nation that finally decided to retake its long-lived Third-World line in a post-modern, complex, and astonishingly unipolar world. The doors of Cuba are open for a long-lasting partner.

Cuba: 3d Partner Said Sought To Complete Juragua Reactor

PA2205224696 Madrid EFE in Spanish 1849 GMT 22 May 96

[FBIS Translated Excerpt] Havana, 22 May (EFE) — Russian Minister of Foreign Affairs Yevgeniy Primakov today stated the express desire of his government to rejuvenate relations with Cuba, and said that his country will not yield to U.S. pressure on its policy toward the island. [passage omitted]

The Russian minister refused to elaborate on the current process of economic reform undertaken by the government of Fidel Castro, which is considered slow and insufficient by European Union [EU] countries, among others.

Primakov only said that "the reforms in Cuba are an affair of the Cuban people and all of the reforms will be supported by Russia."

Yevgeniy Primakov, the first foreign affairs minister from the Russian Federation to visit the island, arrived yesterday, Tuesday, in Havana from Mexico as part of a Latin American tour that will end in Venezuela.

Primakov today signed with his Russian counterpart Roberto Robaina a cooperation agreement for the 1996-98 period in the areas of culture, education, science, and technology, in addition to a protocol on the principles that will govern the relations between the two countries. [passage omitted]

Meanwhile, Robaina praised the "political will" of the Russian Government to improve relations with Cuba, "especially at this moment."

Before leaving tomorrow, Thursday, for Venezuela, Primakov will meet with the main Cuban leaders, including President Fidel Castro.

Official Cuban sources termed this visit "far-reaching," while Russian officials affirmed that they are trying, above all, to give "a push" to economic and commercial relations.

In the 1980's trade between the two countries totaled approximately $8 billion annually and in 1995 it totaled $525 million, according to Russian sources.

The majority of this money reflects the exchange of Cuban sugar for Russian petroleum, although both parties have apparently failed to comply with the signed accords.

Last year, Russia delivered approximately 1.5 million metric tons of petroleum, and Cuba delivered 700,000 metric tons of sugar, but the commercial exchange protocol signed last October establishes that both parties should double the aforementioned amounts.

The two countries are also interested in seeking a third partner to complete the first nuclear reactor of Juragua, in the Province of Cienfuegos. Work on the Juragua nuclear reactor, which require an approximate $700 million investment, was suspended in 1992 due to lack of resources.

Cuba: Emergency Declared by Minaz, CTC in Sugar Sector

PA2205201096 Havana Radio Rebelde Network in Spanish 1700 GMT 22 May 96

[Report by anchor Cesar Arredondo and journalist Diosdado Maso; from the "National Radio News"]

[FBIS Translated Text] [Arredondo] The Cuban Workers Federation [CTC] and the Ministry of Sugar Industry [Minaz] have agreed to declare an emergency in the sugarcane sowing operations for the remainder of May, given the delays that prevail in that activity for this month.

[Maso] The delay in the sugarcane's spring sowing activities is almost insurmountable. Unfortunately, the sugarcane sowed between January and 30 June is precisely the crop that supports the much-hoped-for sugarcane and sugar increase to which Cuban sugar workers are committed. Therefore, spring sugarcane sowing activities are decisive in the country's sugarcane strategy.

The emergency decreed by the Minaz and the CTC is intended to result in quick and specific actions, basically in the sugarcane UBPC's [Basic Cooperative Production Units] and the farms devoted to this crop.

The rhythm of sowing activities must be stepped up. Practically all the provinces, except Sancti Spiritus and Santiago de Cuba, lag far behind. May has the humidity and high temperature that are optimal for the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

sugarcane's guaranteed germination. May also has the conditions to increase underground fertilization of the zone where the sugarcane seeds are deposited; as well as increase sowing and weeding activities.

Slightly more than 5,000 caballerias have been sowed, out of the 11,000 caballerias to be sowed in May. The rhythm of sowing activities is too slow and no less than 400 caballerias should be completed every day to complete the plan.

The emergency in sugarcane spring sowing activities does excuse shoddy work, the poor selection of seeds, or poor handiwork. We must sow, but we must sow well. The harvest has been tense and it still is. One reason for this tension is the shortage of sugarcane. What we do now will allow us to increase the amount of sugarcane and sugar production in the next harvest. Above all, it will prevent a shortage of sugarcane.

The land is ready. There is also determination. Therefore, let us get to work.

Cuba: Caricom Foreign Ministers Reject Helms-Burton Law

PA2205155296 Havana Radio Rebelde Network in Spanish 1700 GMT 18 May 96

[From the "National Radio News" newscast]

[FBIS Translated Text] The governments of the member nations of the Caribbean Common Market [Caricom] have often rejected the Helms-Burton law. The 14 foreign ministers of the Caricom nations have rejected the extraterritorial nature of the law during a meeting held in Kingston, Jamaica. During this event, they approved a bill that stresses that the Helms-Burton law — a legal monstrosity — will not stop trade between Cuba and Caricom.

Cuban Ambassador to Jamaica Silvina Santos commented on this issue:

[Begin Santos recording] This was a position adopted during the last presidents' summit held in February, in Georgetown, Guyana. Now this position is being adopted again during the meeting of foreign ministers. They are firmly rejecting the Helms-Burton law, and this renews the will of the English-speaking Caribbean community to continue to develop economic relations, cooperation, and ongoing talks between the two parties. [end recording]

In addition, the Caricom foreign ministers agreed to celebrate the annual joint Cuba-Caricom meeting on technical cooperation next August in Barbados.

Cuba: Diplomatic Relations With Dominica Restored

PA2205155396 Havana PRENSA LATINA in Spanish 1725 GMT 18 May 96

[FBIS Translated Text] Roseau, Dominica, 18 May (PL) — Today, Roberto Robaina, Cuban minister of foreign affairs, and Edison James, prime minister of the Commonwealth of Dominica, signed here an agreement restoring diplomatic relations between the two countries.

Before signing the agreement, Prime Minister James met with the Cuban foreign minister, who handed him a message from President Fidel Castro indicating that he is pleased with the willingness of the two nations to establish closer ties.

In addition, the Cuban president officially invited Prime Minister James to visit Cuba at his convenience.

Meanwhile, James thanked and sent his regards to his Cuban counterpart and stated his government's aspiration of promoting mutually beneficial bilateral activities with Cuba.

Prime Minister James also said that this step contributes to strengthening the Association of Caribbean States, an organization of which the two countries are active members.

After signing the document, Robaina stressed that this event is another indication of the high priority Cuba gives to its ties with this area of the world and the significance for Cuba's foreign policy of promoting with specific actions the integration process in the Caribbean region.

Cuban Foreign Minister Robaina also stressed that the resumption of diplomatic ties is only a formal event that juridically endorses the relations of friendship and cooperation that the two countries have always deemed very special.

The signing ceremony of the joint statement restoring relations between the Republic of Cuba and the Commonwealth of Dominica was held at the Government Palace in the capital of this island at 1130.

Cuba: Sancti Spiritus Plant Makes Biological Pesticides

PA2305034896 Havana Radio Rebelde Network in Spanish 1155 GMT 20 May 96

[From the "Doing Radio" program]

[FBIS Translated Text] Sancti Spiritus' Biotechnology Plant, the newest of three similar plants in Cuba, has begun operations producing approximately 30 metric

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

tons of biological pesticides of varieties very effective against diseases affecting tobacco and other crops.

The plant is part of the national program of biological pest control being carried out by the Ministry of Agriculture and has the potential to produce approximately 120,000 liters of biological products a year, using exclusively Cuban technology.

The start of production at the plant has consolidated Sancti Spiritus' efforts to substitute chemicals with biological pesticides, which has allowed the province's agricultural sector to maintain its top ranking in the country.

Cuba: ANIR Stresses Need To Control Appliance Imports

PA2305042196 Havana Radio Rebelde Network in Spanish 1155 GMT 18 May 96

[From the "Doing Radio" program]

[FBIS Translated Text] Good morning. Some great news was announced during the first home appliances workshop, which took place in Santa Clara. The Domestic Trade Ministry will invest over $4 million in the purchase of 8,000 refrigerator compressors and other materials. That was one of the workshops organized by the National Association of Innovators and Efficiency Experts [ANIR] — prior to their upcoming fourth congress, to be attended by appliance sector workers and mechanics from all 14 provinces.

An almost unanimous petition was made to the Domestic Trade Ministry to implement policies aimed at importing televisions, refrigerators, and smaller appliances that are sold in the chains of foreign currency stores. Here is Manuel Gonzalez, ANIR vice president.

[Begin Gonzalez recording] There are 14 or 15 brands of refrigerators and televisions. That is, 14 or 15 brands of refrigerators; some are very good and others are scrap metal. Each one buys to later sell them in [word indistinct] foreign currency. No one controls that; it is totally uncontrolled. No one knows how these things are repaired.

We request here that the Domestic Trade Ministry [word indistinct] regarding this and for it to define a policy regarding imported refrigerators — that are to be sold by these chains — by authorizing the best three or four brands, that is, the ones that are most efficient and of the best quality, and put an end to the chaos regarding brands. Furthermore, that technicians should be qualified to repair these refrigerators. [end recording]

With reference to home cooling, there was discussion on guaranteeing the equipment's electrical protection — because of the constant blackouts — with a device that is already being produced in several places in Cuba. The need to concentrate compressor repairs at Domestic Trade Ministry workshops only; overseeing the use of nationally produced refrigerating gases; training — in the diagnostics area — for television technicians; the production of work tools; and an increase in salaries were other areas in which agreements were reached during the first home appliance workshop held in Santa Clara.

Cuba: Organizations for Handicapped Exempt From Taxes

PA2305032896 Havana Radio Rebelde Network in Spanish 1155 GMT 18 May 96

[From the "Doing Radio" program]

[FBIS Translated Text] Yesterday, the National Tax Administration Office [ONAT] reported that organizations for the handicapped are exempt from paying taxes for any commercial activities they may be authorized to carry out.

Silvio Gutierrez, head of ONAT's taxpayer information department explained that the new resolution stipulates — in accordance with Tax Collection Law Number 63, approved by the National Assembly of the People's Government — that the finance and prices minister is authorized to grant that type of exemption. Therefore, the new resolution, Number 67, exempts organizations for the handicapped from paying taxes on profits from lucrative activities, for which they may be authorized, and taxes for the use of a work force. The resolution stipulates that said exemption will be in force only during 1996 and lists the organizations that will benefit from the resolution. They are the National Association for the Blind and the National Association for the Deaf.

Cuba: Cuban Academy of Sciences Reorganized

PA2305034596 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 19 May 96

[From the "NTV" newscast]

[FBIS Translated Text] The Cuban Academy of Sciences began a new phase as a scientific institution with a meeting that took place in the building occupied by Havana's Royal Academy of Medicine, Physics, and Natural Sciences in the 19th century.

One year after the creation of the Ministry of Science, Technology, and Environment, the Cuban Academy of Sciences was reorganized. As established by Decree-Law 163 of the Council of State, the academy is an official institution of the Cuban state, national and

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

independent, which provides advice in scientific matters and is attached to the Ministry of Science, Technology, and Environment. Dr. Rosa Elena Simeon has stated the following:

[Begin Simeon recording] The academy will provide support and advice on current and future problems related to national scientific development. It will identify, publish, and circulate the world's main scientific works and will have the responsibility of coordinating and integrating the efforts of scientists working in different scientific societies in Cuba. [end recording]

Dr. Ismael Clark and Dr. Daisy Rivero will be president and secretary of the Cuban Academy of Sciences, respectively, and its members, who currently come from the high scientific council, will be renewed according to nominations made by the country's scientific institutions.

Cuba: Foreign TV Received Via Satellite in Santa Clara

PA2305033096 Havana Radio Rebelde Network in Spanish 1155 GMT 18 May 96

[From the "Doing Radio" program]

[FBIS Translated Text] Here from Santa Clara, in the heart of Cuba, I am watching on satellite television the people and events that are making the headlines of the main television channels around the world.

Wow, do I finally have a surprise for you. As of only 12 minutes ago, I can watch the International Spanish Television channel from here in Santa Clara. Let me just say that I am watching a report on the upcoming Israeli general elections. The situation is tense in that area, according to the correspondent from International Spanish Television in Tel Aviv. Please, just listen for yourselves:

[Begin unidentified speaker recording] According to a communique from military authorities, only 'Arafat government officials, members of the Palestine parliament, sick people, medical teams, and people who are required to do so due to humanitarian reasons will be authorized to enter Israeli territory. Therefore, the clamp that Israel has established around 2 million Palestinians is strengthened. [end recording]

Wow, this satellite really worked well. Really, I never thought that I could watch International Spanish Television from here. Let me just say that it is as if I were right in the middle of Havana City's satellite center. However, we are receiving the satellite's international signal right here in Santa Clara, in the heart of Cuba. We are watching the people and events that make the headlines of the main television channels from around the world.

A very good day to you all.

Dominican Republic

Dominican Republic: Gomez Receives 46 Percent of Votes

PA2205132996 Paris AFP in Spanish 2220 GMT 21 May 96

[FBIS Translated Text] Santo Domingo, 21 May (AFP) — According to the official bulletin on final results issued on Tuesday in Santo Domingo, Social Democratic leader Jose Francisco Pena Gomez obtained 45.93 percent of the valid votes in the first round of presidential elections held on Thursday.

Pena Gomez, 59 years and supported by his Dominican Revolutionary Party [PRD] and other small groups which comprise the Santo Domingo Agreement, will compete in the 30 June runoff elections with Centrist Leonel Fernandez, 44 years, of the Dominican Liberation Party [PLD], who obtained 38.94 percent of the votes.

Jacinto Peynado, of the ruling Social Christian Reformist Party, also participated in the first round of elections but he only obtained 14.99 percent of the votes.

The final results are as follows:

Pena Gomez	1,332,760 votes — 45.93 percent
Fernandez	1,129,874 votes — 38.94 percent
Peynado	435,055 votes — 14.99 percent

The Dominican presidential elections were advanced two years following an agreement resulting from the acute political crisis set off by the previous elections in 1994, which were challenged with charges of fraud.

The winner of this electoral process, which will involve two rounds for the first time, will replace on 16 August octogenarian Conservative President Joaquin Balaguer, who has ruled the Dominican Republic for seven terms, the last three consecutively.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Dominican Republic: 'Patriotic Front' Urged for Candidate

PA2105205096 Mexico City NOTIMEX in Spanish 0142 GMT 21 May 96

[FBIS Translated Text] Santo Domingo, 20 May (NOTIMEX) — The PRSC [Social Christian Reformist Party] reported today that Dominican President Joaquin Balaguer has proposed the creation of a "patriotic front" to support either one of the two candidates heading towards runoff presidential elections.

Federico Antun, political secretary of the ruling PRSC, has announced that his party will call a special national convention to decide which one of the candidates to support during the 30 June runoff elections.

Antun stated that with this "patriotic" action, the PRSC will support the candidate whom the party's special convention deems as convenient "without expecting anything in return," although he failed to pinpoint the date that the party in power will meet.

Analysts have said that the PRSC will support Leonel Fernandez, candidate for the Dominican Liberation Party (PLD), in order to secure slots in a new government which would be denied to them if Francisco Pena Gomez, the main opposition candidate, were to win.

According to official reports out of the Central Electoral Board, Pena Gomez, candidate for the Dominican Revolutionary Party (PRD), won the first round of elections with 45.84 percent of the votes.

With 98.38 percent of the valid votes counted, PLD candidate Leonel Fernandez has held second place with 38.85 percent of the votes, followed by PRSC candidate Jacinto Peynado with 15.41 percent.

The present electoral law provides for runoff elections 45 days after the first elections are held. The two candidates who obtain the greatest number of votes at the polls go on to participate in the runoffs.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Mexico: Communist Victory in Russia 'Almost Impossible'

PA2205231696 Mexico City NOTIMEX in Spanish 1512 GMT 22 May 96

[FBIS Translated Text] Mexico City, 22 May (NOTIMEX) — Russian Foreign Minister Yevgeniy Primakov has affirmed that the sovereignty secured by the republics that formed part of the former Soviet Union is irreversible and that a victory of the Communist Party in the upcoming elections of the Russian Federation is almost impossible.

The reemergence of the Union of Soviet Socialist Republics [USSR] is also almost impossible, the Russian minister said.

Primakov noted that the presidents of the states of the Commonwealth of Independent States have unanimously spoken in favor of the reelection of Boris Yeltsin.

During an interview with NOTIMEX before leaving for Cuba, the head of Russian diplomacy said that the heads of state of the Commonwealth do not want the reemergence of the USSR, because they do not want to lose their sovereignty.

He said: "They know that democratic reforms in Russia are closely linked to Yeltsin. They know that the growth of democracy in Russia depends also on democratic processes in their countries and on them having a stable sovereignty."

Primakov noted that Armenian President Ter-Petrossian has said that if the Communists win power, the very next day, the CIS, which was born in former Soviet territory, would cease to exist, and a new Soviet Union would come into existence, but without Russia.

Primakov said that Yeltsin's popularity is growing because he meets a lot with the people, and his solidarity with the people is becoming increasingly evident.

Primakov stated: "He scored a lot of points when he said that peace will reach Chechnya. He is getting ready to visit that region despite the fact that many want to raise barriers warning him not to go because it is dangerous."

Regarding today's communism, Primakov said that it is not an homogeneous force since it is no longer a copy of the bygone Communist Party nor is it represented by the same people, although there are still those who want a return and the rebirth of the Soviet Union.

Primakov stated: "The Soviet Union cannot return to what it was in spite of the nostalgia of many for the vastness of the past state, which united everyone."

Regarding ultra-nationalist leader Vladimir Zhirinovskiy, Primakov said that a victory by him would be very difficult in the presidential elections of June in Russia "because the voters do not support him."

Asked about the possibility of mediating in the problems of Lebanon between Hizballah and Israel, Primakov said that Russia has not played a decisive role in the cease-fire in the region but has contributed to it without advertising this too much, "as others do."

Primakov said that right now, peace in Israel is very fragile because the civilian population is suffering and because as long as Israel does not comply with Resolution 425 of the United Nations and does not withdraw its troops from Lebanon, there will be resistance in the security zones.

Within the framework of his three-day visit to Mexico, Primakov said that the Russian Federation must have a diversified policy and commented that Latin America is a very important region in the pursuit of this policy.

He said: "The days of the Cold War are over. I do not believe anyone should pretend that a region or a continent is a zone of exclusive influence by some state."

Primakov acknowledged that Russia is not what the Soviet Union once was but it is still a power and the most important aspect is that it wants to play a role in the international arena.

Mexico: Two PRI, PRD Leaders Killed in Guerrero State

PA2205134396 Mexico City REFORMA in Spanish 21 May 96 p 1

[Report by Sergio Flores — received via Internet]

[FBIS Translated Text] Acapulco — Two leaders, one of the PRI [Institutional Revolutionary Party] and another of the PRD [Party of the Democratic Revolution], were shot to death in Indian Ahuacuotzingo Municipality. In this municipality, PRD members have seized the Municipal Palace to demand the dismissal of Mayor Florencio Casarrubias, whom they charge with committing fraud.

Local PRD Councilwoman Martina Reyes Antonio has informed over the telephone that these two local politicians might have been murdered because of political party interests.

Reyes Antonio reported that Gaudencio Naranjito Nava, who was a PRI community leader in this municipality, was shot to death yesterday at 0500. Naranjito's body had been shot with a .12-caliber shotgun in the left side of his chest.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

On Sunday, PRD member Santiago Ascencio Aurelio's body was found in an abandoned home in Alpoyecatzingo community in Ahuacuotzingo Municipality. He had been shot in the face with a .22-caliber pistol, the councilwoman said.

The PRD councilwoman stated that after her fellow party members seized the city hall three weeks ago, two other PRD members who had protested against the mayor had already been killed.

"Last week, comrade Leodegario Naves Jimon was shot and stabbed to death. On Sunday Santiago Ascencio Aurelio was shot to death," she said, adding: "We are blaming Mayor Casarrubias and Governor Angel Aguirre as direct culprits for these murders."

"The body of PRI leader Gaudencio Naranjito Nava, age 35, was found in the Mitlanoingo community. The identity of Naranjito's murderer(s) is unknown, as is the identity of the murderer of our PRD comrade who was killed on Sunday," the councilwoman pointed out.

She warned that there is a lot of political tension among the residents in Ahuacuotzingo Municipality because police agents, who are allegedly under Casarrubias' leadership, are intimidating his opponents.

"Governor Angel Aguirre Rivero has disregarded his duty to guarantee peace in our municipality," she claimed, "and he has paid no attention to our demands. We do not know what the governor will do next now that these murders have taken place."

Mexico: Economic Effects of U.S. Tuna Embargo Assessed

PA2305043796 Mexico City NOTIMEX in Spanish 0641 GMT 21 May 96

[FBIS Translated Text] Mexico City, 21 May (NOTIMEX) — National Fisheries Institute specialist Maria de la Luz Diaz has disclosed that Mexico registered $50 million in economic losses a year and a loss of more than 6,000 jobs because of the tuna embargo imposed by the United States.

At the conference entitled "The Mexico-United States Tuna Embargo" held last night, Diaz asserted that Mexico's tuna industry had suffered a 30-percent contraction since 1980.

The official discussed the tuna embargo at the conference to commemorate the 20th anniversary of the Aragon National School of Professional Studies (ENEP) of the Autonomous National University of Mexico (UNAM).

The rivalry between the two countries for the exclusivity of the economic zone delimited by their coasts prompted Mexico to broaden its exports to Europe, the specialist observed.

The tuna embargo and the attempted penalties are not based on ecological reasons, as has been contended, but correspond to economic and political factors imposed by the United States, she added.

Diaz commented that the United States issued the Marine Mammals Protection Law in 1972 and established the limits allowed for dolphin mortality in tuna fishing activities in 1988.

However, in spite of the Mexican tuna fleet's efforts, the United States announced in 1990 that it would not buy tuna associated with the death of the marine mammals.

Consequently, in 1991, it confirmed the embargo on Mexico and another secondary measure on 20 nations that were allegedly buying Mexican tuna and reselling it in the U.S. market.

Mexico protested the measure before the General Agreement on Tariffs and Trade (GATT). However, the organization's ruling was not accepted by the Mexican Government, and it decided to continue talks with the United States.

The Natural Resources Committee of the House of Representatives approved a bill to change the term "Dolphin Safe" [previous two words in English] on labels of national products on 8 May. This measure will open the road to end the embargo.

The specialist added that the legal process currently initiated by the U.S. Congress to suspend the action could be based on the same commercial interests that triggered them originally.

She explained that the imminent suspension comes after the Mexican economy has suffered serious damages, something that could be conducive to accepting U.S. participation in Mexico's tuna fishing industry and all the activities related to processing and marketing the tuna.

Furthermore, Diaz observed, Mexico does not have the necessary economic resources to exploit its coasts. This is a legal problem because there are laws that allow other countries to use resources that are not being utilized in this country, she concluded.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Mexico: Capital Unemployment Survey Results Reported

96CA0166A Mexico City REFORMA in Spanish 12 Apr 96 pp A19, A22

[Article by Rafael Gimenez and Guillermo Aguilar]

[FBIS Translated Text] Open unemployment among the labor force in Mexico City dropped 1.2 percent in March 1996 from its level last September, a REFORMA poll has revealed.

Open unemployment in Mexico City stood at 10.4 percent of the labor force in March, whereas last September, when REFORMA conducted the same poll, the rate was 11.6 percent.

The survey shows, however, that the chances of finding work are dwindling, as 81 percent indicated that their odds are poor and eight percent said they had no chance, while 11 percent said they were confident of finding a job.

Thirty-four of every 100 persons interviewed said that they have been without work for more than six months, 12 have been jobless for between one and two months, 16 between two and six months, 19 between two and three months, and 19 for less than a month.

Yet 45 percent of the unemployed have applied for between four and six jobs.

Four percent of the respondents have applied for more than 16 jobs, and 11 percent have visited between 10 and 15 places unsuccessfully.

As a result, half of the people who do not have a direct source of income are taking lower-level jobs than they previously held.

Another problem uncovered was that three-fourths of the people who have lost their jobs were not laid off in accordance with the law.

Only one-quarter of workers received wage hikes during the six months prior to the poll, the biggest ones being between 14 and 16 percent.

REFORMA has conducted three polls on employment and unemployment, two in 1995 (March and September) and the one published herewith.

Unemployment Persists in Federal District (DF)

Four of every 10 jobless residents of the capital have been looking for work unsuccessfully for more than six months. Most are still seeking work. Only three of every 100 people laid off intend to become self-employed.

What do you think your chances of finding work are?

Reply	September 1995	March 1996
Poor	48	44
Fair	26	37
Good	9	11
Nil	17	8

What do you plan to do?

Reply	September 1995	March 1996
Keep looking for work	46	55
Continue preparing myself	18	23
Work for myself	12	3
Seek work outside the area	11	3
Other	13	16

What are you doing to make ends meet?

Reply	September 1995	March 1996
A relative is supporting me	74	75
Have savings	13	4
Severance pay	3	2
Pension	1	0

How long have you been looking for work?

Reply	September 1995	March 1996
More than six months	32	34
One to two months	23	12
Three to six months	20	16
Two to three months	13	19
Less than a month	12	19

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Why are you out of a job?

Reply	September 1995	March 1996
I was fired	33	37
The contract ended	26	25
I quit	22	17
Downsizing	18	2
Other	1	19

Unemployment by Economic Activity

According to a poll conducted by the REFORMA Research Department, most of the unemployed were working in the services sector. Fifty-four percent of the respondents said they had been unemployed for more than six months, and most of them had regular contracts.

How long have you been out of work?

Reply	Percent
More than six months	54
One to two months	13
Three to six months	12
Two to three months	8
Less than a month	13

Did you stop working this year or last?

Reply	Percent
Last year	57
This year	33
The year before last	10

In what line of business was the company or boss you worked for?

Reply	Percent
Services	31
Trade	21
Civil service	17
Construction	12
Electric power and manufacturing	7
Communications and transportation	2
Farming	2
Others	8

What category of employee were you?

Reply	Percent
Regular	38
On contract	32
Temporary	26
Paid by the job	4

Did you receive severance pay as the law provides?

Reply	Percent
No	76
Yes	24

Source: REFORMA Research Department

Methodology

Data were obtained from 1,298 persons in 400 homes in Mexico City. The poll was conducted from 4 to 12 March 1996.

The first stage of the survey consisted of selecting the sample households and posing job-related questions to each family member over the age of 12.

During the second stage, 628 interviews were conducted (48 percent of the total data gathered) among the economically active population, meaning persons over the age of 12 who have jobs (the employed) or who actively sought work (the openly unemployed) during the two months prior to the week the poll was taken.

The remaining 670 persons were not surveyed since they were not economically active. This group consists of:

The nonworking population that is available, meaning people 12 years of age and over who do not intend to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

seek work, in other words, who are discouraged or do not want to work (eight percent of the sample).

The nonworking population that is not available, meaning people 12 years of age and over who are not seeking work because they are in school, or are homemakers, pensioners, or retirees (44 percent of the sample).

The study populations for the research were defined as households located in Mexico City and their regular members age 12 and over.

Households were selected by the random cluster method. If the maximum possible variation in responses is considered, with a confidence interval of 95 percent, the overall findings have a margin of error of plus or minus five percent.

The information was verified through supervision of the field work and data review-codification and validation processes.

Coordination: Rafael Gimenez and Guillermo Aguilar Sample;

Design: Susana Correa;

Codification and capture: Israel Cruz, Ariadna Garcia, and Guillermina Torres;

Supervision: Fabiola Valor; and

Pollster: REFORMA Research Department

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Guatemala

Guatemala: Labor Leaders Leave Parliament Peacefully

PA2305003196 Panama City ACAN in Spanish 2205 GMT 22 May 96

[FBIS Translated Text] Guatemala City, 22 May (ACAN-EFE) — Approximately 100 leaders of the two government workers federations in the country peacefully abandoned today the congress building they had seized eight hours earlier to protest a controversial law that attempts to limit their rights.

The workers evacuated the site through a security cordon of more than 100 riot policemen that had been sent there since the morning hours, which triggered moments of tension during the day.

The demonstrators, who represent the more than 180,000 government employees, are against the approval of a law that regulates strikes in public administration, which the governing National Vanguard Party (PAN) wants to pass.

Among the protesters who occupied the legislative building were leaders of the National Federation of State Workers Unions (FENASTEG) and the National Federation of Public Employees Unions (FENASEP), who were joined by others from the Unity of Trade Unions and Popular Action (UASP), the biggest workers-peasants union in the country.

The forces of order had a legal eviction order that was not carried out, because representatives from the opposition parliamentary blocs, the UN Mission for Guatemala (MINUGUA), and the Office of the Ombudsman for Human Rights (PDH), negotiated with the labor leaders.

Honduras

Honduras: Move of U.S. Troops to Honduras 'Not Discussed'

PA2305025296 Panama City ACAN in Spanish 2146 GMT 20 May 96

[FBIS Translated Text] Tegucigalpa, 20 May (ACAN-EFE) — Honduran President Carlos Roberto Reina and U.S. President Bill Clinton have not talked about the possiblity of transferring Southern Command troops stationed in Panama to Honduran territory, stated General Mario Hung Pacheco in this Central American country today.

General Hung Pacheco, chief of the Honduran Armed Forces, said that since Reina and Clinton have not discussed it, it cannot be said that the United States is planning to transfer troops to Honduras. He added that, in any case, the Honduran Armed Forces would have to be consulted on the issue.

Hung Pacheco was referring to the statements made by former Southern Command chief General Barry McCaffrey to Panama's LA PRENSA newspaper, published last Friday, regarding the struggle against drug trafficking and the importance of maintaining military bases in Panama after the year 2000.

The retired officer and current U.S. drug policy chief stated that if Panama does not accept the permanence of the U.S. bases in its territory after 31 December 1989, Washington could possibly transfer its operations to Puerto Rico, Honduras (where it has a base), or Florida.

McCaffrey's statements were criticized by several social sectors in Honduras as they considered it disrespectful for a U.S. officer to announce that the United States will transfer part of its Panama operations to Honduran territory.

The United States built an air base in Palmerola, in central Honduras, in 1983. It cost approximately $30 million, and the installations were used in the 1980's to support operations in Nicaragua and El Salvador, which were part of the Pentagon's military policy in Central America.

During that decade, the United States maintained a military presence of a minimum of 2,000 soldiers in Honduras, but beginning in the 1990's, it was reduced to approximately 800 soldiers, who are replaced every eight or nine months.

Currently, the U.S. soldiers stationed in Palmerola work in civic action programs, combat drug trafficking, and promote joint military exercises with the Armed Forces of Central American countries, one of which began today.

The Palmerola base is part of the Southern Command, which will transfer its headquarters from Panama to Miami in September 1997. The U.S. military presence in Panama will end when the 1997 Canal treaties are fulfilled on 31 December 1999.

For his part, Gen. George F. Close, Southern Command chief of operations, said in Palmerola today that "moving additional troops to Honduras for anything is not among the options being considered" by the United States. Close attended the inauguration of the "Allied Forces Peace Maintenance Operations '96" in Palmerola, with the participation of soldiers from the United States, Guatemala, El Salvador, Honduras, and Belize. Two Nicaraguan offices are attending the exercises as observers.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The U.S. officer underscored that "it is clear that the Southern Command will move to Miami next year" and that, as part of those changes, the Command will have added responsibilities, as it will have greater authority in the Caribbean area.

Panama and the United States still have to initiate "exploratory" talks to evaluate the feasibility of maintaining U.S. troops in Panama after the year 1999; an issue that was proposed last September and is in the phase of national consultations in both countries.

Nicaragua

Nicaragua: Parties Demand Security for Elections

PA2205232696 Managua Nicavision Canal 12 Television Network 0400 GMT 22 May 96

[From the "Extravision" newscast]

[FBIS Translated Text] Various political parties of Matagalpa demanded yesterday from the Army, the Supreme Electoral Council, and the government the establishment of an atmosphere of security in that area. Representatives of these parties visited the National Assembly today to complain about the atmosphere of insecurity that prevails.

[Begin recording] [National Project leader Elena Gutierrez] The [word indistinct] have categorically stated that they will not disarm; that they are unwilling to do so. They are virtually campaigning for a specific candidate and party.

[Reporter] Who is that?

[Gutierrez] The Liberal Constitutionalist Party [PLC]. They clearly stated that only PLC followers can go there. The other parties have been forced to withdraw their supporters from that area. This poses a very serious problem for us, because we think elections will not be honest, at least not in the northern area. [end recording]

The Army gave assurances that armed groups should have been neutralized by the operations that were carried out last weekend. These political parties also challenged the membership of the Departmental Electoral Council before the Supreme Electoral Council for showing favoritism toward the PLC.

[Begin Jose Gonzalez, leader of the Sandinist National Liberation Front in Matagalpa, recording] We think the membership of this council must be reviewed. This must be done on time, because it will be of no use for us to claim that certain groups were present, that there was no impartiality. This must be said now and not after the elections. [end recording]

Matagalpa political parties demanded the drafting of a code of electoral ethics that all political groups should respect.

Nicaragua: Registration Problems in Some Areas Noted

PA2305044696 Managua LA PRENSA in Spanish 20 May 96 p 2

[Report by Jose A. Sozal

[FBIS Translated Text] Villa San Francisco — The issuance of identity cards in this municipality is precarious since none of these territories was informed on what this process is, and only one territory will be registered for the elections.

Mayor Marina Vargas voiced her concern because her town will vote this year based on registrations conducted in the respective offices in urban and rural areas.

"Several censuses have been taken in this zone, but I am unhappy because according to some we have over 20,000 residents whereas others say the population is smaller that what we think it is," she remarked.

We have submitted several requests before the main authorities, especially before the region's electoral council, but we have been told there that is no money or budget to handle these municipalities.

We feel that the political parties must play an important role in winning over most of the voters in the elections held in these places where identity cards were not issued.

"In our opinion, very few parties will have a large number of candidates and supporters in those places. We believe that the Liberal Party is the largest in this town, because we see them periodically in the different territories and neighborhoods organizing their respective boards, whereas the other parties are resting on their laurels," Mrs. Vargas stated.

Panama

Panama: Officials Deny Guerrillas Control Darien Province

PA2205155496 Panama City EL PANAMA AMERICA in Spanish 19 May 96 p 1A

[Report by Carlos Anel Cordero]

[FBIS Translated Text] Darien Province legislator Aydee Milanes de Lay and Darien Province Bishop Romulo Emiliani have denied that Darien Province is under the control of guerrillas and drug traffickers,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and they challenged those who claim so to produce evidence.

The legislator from Darien admitted that Colombian guerrillas and drug traffickers carry out sporadic incursions into the province, but this does not mean that such groups control the province.

She added that it is now a fad for national or foreign officials and even private citizens to make statements of this nature without producing any evidence to back them up.

In many cases, these persons do not know or have never been in Darien Province, yet they make these statements that hurt the region, which is among the country's poorest and most neglected, the legislator added.

She urged these persons to visit Darien to ascertain that their statements are far from reality, or else produce evidence.

Meanwhile, Romulo Emiliani assured that there is no such Colombian guerrilla activity in Darien Province.

In the prelate's opinion, some reports disseminated by the local and foreign media are somewhat exaggerated.

Emiliani also admitted that guerrillas and drug traffickers sometimes carry out incursions into the province's jungle area, but not in population centers.

He believes that the surveillance of the entire province, including the Colombian border, should be under the exclusive jurisdiction of Panama and not of the armies of other states.

Emiliani, however, underscored that the border police need more equipment to face possible attacks by these armed groups at the Colombian border.

Panama: Plots Assigned to Supreme Court, Court of Americas

PA2305044996 Panama City LA ESTRELLA DE PANAMA in Spanish 22 May 96 p A6

[FBIS Translated Text] The Interoceanic Region Authority [ARI] Board of Directors has approved the allocation of two plots of land in the reverted areas to the Supreme Court of Justice and to the Organization of Courts of the Americas [Organizacion de Cortes de las Americas].

The Supreme Court of Justice was granted a plot of land of 2,984.81 square meters in Ancon corregimiento to be used as a parking lot.

This judicial body plans to build a three-level parking garage in the designated area to solve the parking problems facing the general public that frequents this judicial facility.

The Organization of Courts of the Americas was assigned a building in Fort Amador to house the new headquarters of this organization, as requested by the judicial branch. The building has two levels and a total area of 1,048.30 square meters.

In this manner, the ARI is making good use of the reverted properties.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Argentina

Argentina: Deputy Links Arms Deal to CIA Operations

PY2205203996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1057 GMT 22 May 96

[FBIS Translated Text] Buenos Aires, 22 May (NA) — Justicialist Party [PJ] Deputy Patricia Bullrich and Peruvian Congressman Javier Diaz Canseco [United Left] have stated that Argentina "was involved in illegal third-party arms deals" under several administrations, adding that the U.S. CIA was also involved in these operations.

Bullrich stated that the sale of Argentine arms to Croatia and Ecuador "is the tip of a huge iceberg" and recalled that arms trafficking was going on when Roberto Viola was Argentina's de-facto president, and Oscar Camilion was his foreign minister.

Bullrich recalled that a Tark plane crashed at that time on the Russian-Turkish border carrying Argentine arms. That plane had been chartered by Fine Air and had a special flight permit issued by then Foreign Minister Oscar Camilion.

The Argentine deputy described Argentina as the "poor partner" in an international illegal arms-trafficking organization that supplies countries involved in military conflicts. Bullrich's Peruvian colleague, who was present at the meeting, tacitly agreed.

Bullrich called for a "political investigation" instead of an administrative investigation and the court inquiry which is underway, because Defense Minister Oscar Camilion's "involvement in the scandal must be established."

The deputy added: "We have information that the CIA was involved in other operations of this kind," adding that "U.S. lawmakers are investigating the sale of Argentine arms to Ecuador" from this point of view.

Diaz Canseco said: "We do not want Minister Camilion to resign, we merely want these unfortunate incidents, which tarnish Argentina's international image, to be clarified."

He underscored the Peruvian Government's "concern" over the "smuggling of arms to Ecuador, which hamper negotiations for a lasting peace."

The Peruvian lawmaker stated that "the companies involved in the smuggling of arms to Ecuador were also involved in the Iran-Contras operation," and "could well be involved in other transactions with the U.S. CIA."

Bullrich added that the "administration is responsible" for these deals "because it signed the decrees authorizing sales to Venezuela. The lack of proper monitoring produced the results we all know about."

The Justicialist Party deputy wondered how an Argentine plane could overfly Guayaquil in the middle of an armed conflict between Ecuador and Peru without the Argentine defense minister knowing about it.

She emphasized that "instead of talking about conspiracies, this scandal should be politically investigated in depth." She stressed that "we must find out why Argentina would be willing to play the poor partner in illegal arms deals."

Argentina: Menem Tells Mayor To Ignore Court

PY2105195496 Buenos Aires LA PRENSA in Spanish 17 May 96 p 2

[FBIS Translated Excerpt] President Carlos Menem yesterday told Mayor Jorge Dominguez not to pay attention to the court. During an electoral luncheon to support Dominguez, Menem said: "I told him not to pay attention to the decision because people will not pay any attention to it. I asked him not to join that game."

This troublesome phrase from the president comes within the official strategy against Judge Mariano Berges who, on 15 May, indicted Mayor Dominguez on charges of alleged fraud against the public administration and violation of the duties of a public servant. The Justicialist Party disqualifies Berges because there are several impeachment requests against him that must be handled by Congress.

The president fully extended his political support for Dominguez when he criticized the judge's attitude. Menem said: "Judges must be like good soccer referees. They must become known through their decisions, not as a result of talks on the radio or interviews by magazines or television because those acts change their essence." On 15 May, Berges indicted Dominguez in a case involving the alleged fraudulent sale of a community building. The judge also embargoed Dominguez assets for a total of 3.5 million pesos.

During yesterday's cabinet meeting Menem ratified Dominguez' candidacy and expressed trust in the mayor's possibilities. He said that "the Argentine people are not fools and on 30 June" they will vote for him. Menem said his protegee for the Federal Capital "has been unjustly and arbitrarily attacked." [passage omitted]

[Buenos Aires LA PRENSA in Spanish on 18 May, page 3, states: "Members of the ruling party yesterday spend a lot of time trying to interpret President Carlos Menem's remarks. These interpretations were adorned

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

with different arguments, but all attempts sought to explain and downplay the importance of the situation generated by the presidential remarks.

["Interior Minister Carlos Corach's interpretation was close to psychoanalysis. He 'denied' that the president had told him 'to ignore a decision or disobey a court order.' He merely asked Dominguez 'not to feel depressed or give up all his hard work.'"]

Argentina: Mayor Appeals Lower Court Indictment

PY2105202596 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2152 GMT 20 May 96

[FBIS Translated Excerpt] Buenos Aires, 20 May (NA) — Mayor Jorge Dominguez today appealed the indictment and embargo ruling of Judge Mariano Berges against him in the investigation into the sale of a building where the former General Inspection used to operate.

The appeal was filed at the court of Judge Berges shortly before noon. Berges must now decide if he accepts the appeal, in which case the case will be transferred to the Criminal Chamber. [passage omitted]

[Buenos Aires TELAM in Spanish at 1713 GMT 21 May states: "Interior Minister Carlos Corach today confirmed that the former General Inspection building 'was never sold.'

During a news conference at the end of a cabinet meeting, Corach said: 'The building was offered at a public auction but was not sold.' Corach expressed 'absolute trust in the capacity of the justice system to rectify its own errors.'

Asked why the announcement that the building was not sold was released only after the first reaction to the indictment, Corach said: 'That is not correct. The mayor informed us of the situation of the building that was allegedly sold the day the news broke.'"]

Argentina: New Military Industries Director Sworn In

PY2205145296 Buenos Aires TELAM in Spanish 2316 GMT 21 May 96

[FBIS Translated Excerpt] Buenos Aires, 21 May (Telam) — Economy Minister Domingo Cavallo today asserted that the abrogation of the secret system for foreign purchases of arms and ammunitions by the armed and security forces does not seek to privilege the Military Industries.

Cavallo said: "that industry has to abide by the same rules the rest of the industries do, in other words, they will pay the same import taxes, VAT, and will import and export under the same terms."

Cavallo made these statements last night as he swore in Oscar Saggese, new trustee of Military Industries, during a ceremony at the Finance Ministry.

The minister said: "It is not a matter of appointing a liquidator but rather a directorate that will give continuity to the business and make progress in the privatization process" of the military enterprises. [passage omitted]

In addition to Saggese, Jose Luis Ortiz was sworn in as under secretary and production director, Hernan Detric as administration director, and Juan Rogelio Rodriguez as coordination director.

Argentina: Economist Says Recession Over

PY2205195196 Buenos Aires TELAM in Spanish 1217 GMT 22 May 96

[FBIS Translated Text] Buenos Aires, 22 May (EFE) — Economist Roberto Alemann has stated that Argentine economy has ended its recessive period. He stressed the current contradiction among foreign investors who believe in a recovery, while Argentines still have some doubts.

He said: "To outline the current situation of the Argentine economy I will merely say that we seem to have got away with it, although we must still resolve the contradiction of seeing why foreigners believe in Argentina and Argentines do not."

Referring to indicators that help foretell the end of recession, he detailed increases in "electricity consumption, the use of public services, and the sale of vehicles."

Roberto Alemann yesterday lectured during the Third Day of Entrepreneurial Interest held at the Plaza Hotel Golden Hall.

The economist mentioned the errors in the calculations of the gurus of New York and several Argentine experts after the flight of deposits prompted by the Mexican crisis, which he said could have caused a bank catastrophe in any country in the world.

Alemann said: "Some 19 percent of deposits were withdrawn over five months. Those who did so lost money because they had to pay brokers' commission on the remittances."

He added that agriculture is generating a tremendous demand in the economy because "farmers who harvest their crops then go out and buy goods, cars, tractors, agrochemicals, and pay their debts."

He predicted that Argentina is on its way to becoming a metal mining country, given the interest awakened by foreign investors.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

He said: "Some Canadians say, perhaps somewhat exaggeratedly, that Argentina will become the main gold exporter in the world."

Argentina: Article Views Signs of Economic Upturn

PY2305010696 Buenos Aires CLARIN in Spanish 19 May 96 p 18

[Editorial: "Economic Upturn and Pending Needs"]

[FBIS Translated Text] Some official and private indicators are showing signs that productive activity is rallying, which could spell the end of the economic downturn that began early in 1995. This upturn would nonetheless be insufficient to compensate for the decline the economy experienced during the recession.

The Monthly Industrial Indicator (EMI) of the INDEC [National Institute of Statistics and Census] rose by 10 percent from February to March, which shows a more buoyant upswing than for purely seasonal reasons. Sectorial activity indicators — like the manufacture and sale of cars, sales of cement, and steel production, among others — confirm optimistic expectations of better economic performance. Private surveys of the situation of large companies show their stockpiles have diminished and that businessmen are more optimistic about sales prospects.

Given the fact that the slump in economic activity began in April 1995, the economic indicators for April 1996 may begin to show more conclusive signs of a recovery.

Anyway, unofficial analyses agree that the economic upturn is, and will continue to be, very feeble and will not be enough to offset last year's decline in output and employment. We must recall that the Argentine GDP in 1995 plummeted by 4.4 percent. Thus, we need a GDP growth of 5 percent this year to regain the level of 1994. The best we can hope to achieve this year is about 2 percent. Only official forecasts, which are generally far too rosy, insist that the economy will grow by 5 percent in 1996.

The weakness of the economic upturn, despite the depression that preceded it, is because families and companies are up to the hilt in debt and dare not risk any new loans to invest or purchase things. This explains why the demand for credit remains slack despite successive cuts in interest rates over the last few months. Moreover, just as families feel uncertain about their jobs and income, companies are also operating with caution since they remember the impact — unexpected for many — of the tequila effect.

This situation has, however, some positive aspects. One is that the economic recovery will be founded on more solid bases than ones caused by increased consumption fuelled by indebtedness.

One of the central questions is what bearing the future evolution of the economy will have on the labor market and to what extent it will reduce the high unemployment rate. There are high expectations of what will happen in light of the new adjustment on the horizon for federal and provincial public administrations — which will surely entail making many public servants redundant. For the time being, the signals for the private sector are not very promising since it seems uncertainty is delaying the decision of companies to hire more employees.

The languid upturn and the size of labor and social problems suggest that the authorities should display a more aggressive initiative to promote productive activities, create new jobs, and thus meet the huge economic and social needs that pressure our country.

Argentina: Government To 'Review' Anticorruption Draft

PY2205183696 Buenos Aires CLARIN in Spanish 18 May 96 p 5

[FBIS Translated Excerpt] In view of the rejection by opposition politicians, experts in constitutional affairs, journalist organizations, and sectors of the media, Interior Minister Carlos Corach on 17 May announced that the article of the anticorruption draft bill that punishes the dissemination of declaration of assets belonging to public servants will be "reviewed."

During a news conference Corach explained that "Justice Minister Rodolfo Barra informed me this morning that he will order the penal code reform commission to review that article in order to eliminate any doubt regarding the subject that may affect freedom of press."

The questioned article is included in one of the two draft bills President Carlos Menem submitted on 17 May, proposing severe punishments for public servants guilty of corruption. The initiatives, which the government will submit to Congress for discussion, include the requirement for all public servants to submit a declaration of assets before they are sworn in.

What stirred the polemic was the fact that the same bill proposes the amendment of the penal code in order to punish with "a prison sentence of one month to two years" whomever may reveal "without a fair cause" this declaration of assets designed to "verify the enrichment of the public servants."

The opposition as well as journalist enterprises immediately protested this measure because they understood that what the government really intended with this

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

polemical article was to censure the media when it tries to investigate the wealth of public servants.

Corach yesterday said that "we did not think it could affect freedom of press but now we believe that the media's viewpoint might be correct." [passage omitted]

Argentina: Editorial Hails Steps To Control Corruption

PY2205202396 Buenos Aires CLARIN in Spanish 18 May 96 p 14

[Editorial: "Bills To Fight Corruption"]

[FBIS Translated Text] President Carlos Menem has just announced that he will submit two bills to Congress that seek to crack down on corruption in Argentina. Given the dimensions of this scourge, this is a most commendable objective.

One measure seeks to amend the Penal Code to impose more severe penalties on government officials and congressmen found guilty of embezzlement or bribery. The draft also defines influence peddling as a crime and provides for the creation of plea bargaining, whereby someone accused of corruption gets a lighter sentence in return for helping the investigation.

The second bill seeks to regulate the ethical behavior of government officials. This bill prohibits officials from receiving presents costing more than 2,000 pesos and compels all public figures submit an income statement when they take office.

This is a step in the right direction to combat a problem that we share with many other countries, one that justifiably concerns governments, companies, and naturally, the man in the street, whose property and civil rights are damaged by corrupt practices.

To that effect, the administration's withdrawal of an article which states that disclosing information about government officials' assets render one liable to imprisonment is praiseworthy because that article would have imposed severe restrictions on the freedom of the press. It would have also directly contradicted the spirit of the bill in that press investigations and the task performed by the independent press — reporting events and news — constitutes irreplaceable instruments for the prevention and struggle against corruption.

Even though the definition and penalization of the crime of corruption is of utmost importance, global experience shows that imposing harsher sentences hardly ever deters criminals; and even less in the domain of public affairs. We can successfully stem corruption thanks to institutional controls — which are totally independent from the political power — to the free press, and to the active participation of citizens in supervising government acts.

The effective transparency and unrestricted publicity of government acts at all levels and areas are not only inalienable rights of citizens living in democratic systems and an unavoidable duty of public figures, they are also the only guarantee against the embezzlement of assets belonging to society.

Argentina: Administration's Problems, 'Impunity' Viewed

PY2305010196 Buenos Aires CLARIN in Spanish 19 May 96 pp 18, 19

[From the "Political Scene" column by Eduardo van der Kooy: "Nothing Has Happened Here"]

[FBIS Translated Text] President Carlos Menem's second term in office never looked so beleaguered as it does today, but neither has the government enjoyed so much political impunity to support that burden as it does today.

Let us review the situation. The scandal of the arms diversion to Ecuador summarizes — according to what has been seen and heard — a story combining errors, negligence, and crimes. But the government had only to close ranks, however, to be able to overcome each one of the political responsibilities involved and still maintain the shaky figure of Defense Minister Oscar Camilion.

Judge Mariano Berges, just 40 days before the mayoral election in the capital, indicted current mayor and Peronist [Justicialist Party, PJ] candidate Jorge Dominguez for his responsibility in an alleged irregularity in the auctioning of a municipal building. But it seemed that a Menemist broadside against the justice system and the opposition was enough to control the repercussions of that storm.

Those are not the only two episodes that make the government uncomfortable. Central Bank President Roque Fernandez had to testify in Congress for eight long hours on the objections — filed even in court — made against the government administration of the banking crisis provoked here by the Mexican crisis.

The Argentine National Bank and IBM contract to computerize the bank, which is dormant due to court proceedings, could again shake the political power in the coming weeks.

Repeating gestures used in other difficult moments, the government threatened to double the bet. The purpose of the draft bill on corruption that was presented by the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

PJ leadership in Congress seems to have been this, and nothing else.

Many people thought they were seeing large smoke screens: How can we reconcile the alleged desire to fight dishonesty in public office with the original idea — which will be revised — of punishing all those who, without a "just cause," disseminate information concerning the assets of public officials?

More than one question remains in the air. The distance between what the government says and does is also worth noting: On the one hand, the government announces new efforts against corruption by proposing new legislation; on the other hand, it does not hesitate to throw mud at the justice system at the slightest problem (in the case of Mayor Jorge Dominguez' indictment).

Menem supporters today have the political margin to do or undo anything. The Olivos Pact made a good part of the script used by Radical [Radical Civic Union, UCR] legislators to supervise those in power useless. There is an original problem. We must recall that Menem and Raul Alfonsin [UCR leader] used the Supreme Court to guarantee their agreement.

The UCR attitude not to rub the wound inflicted on the administration by the judge's decision to indict the PJ mayor and candidate did not look, at the time, as being an elaborated strategy — it was, in part. The UCR attitude also reflects its current power.

All the administration mishaps seem to have been like an overly large coat for the Front [Front for a Country in Solidarity, Frepaso]; the problems seemed too much for it. Besides, the value of many Frepaso warnings usually dissipates because of their lack of institutional determination to seriously commit the administration.

It is clear, then, why the government looks so untroubled when the political pressure originates in the opposition and why it shakes from the top down when the pressure derives from internal conflicts. That is when the administration's sense of governability hesitates and the esprit de corps begins to crack.

The forced resignation of Eduardo Bauza deactivated a permanent conflict with Domingo Cavallo. The economy minister continues to suspect that Carlos Corach maneuvers to hurt the men around him, but he usually ties a knot in his tongue in order to avoid new confrontations.

Cavallo complained about judges three weeks ago — due to the investigation at the Central Bank — and repeated his regrets during a cabinet meeting on 16 May without violating the moderation that Cabinet Chief Jorge Rodriguez always demands.

The other conflict — the one between Guido Di Tella and Oscar Camilion over the arms sale to Ecuador — was placed under control with a simple admonition from the chief of cabinet and the interior minister. The foreign minister has had enough with the problem that erupted in Latin America following the arms scandal and the deterioration of his policies on the Malvinas. The defense minister aspires to leave the government as much in one piece as possible so as to prevent the closing of any door on his diplomatic horizon.

The administration acted as it usually does: A minister weakened by political conditions — Camilion — was surrounded by a security belt; an official and candidate — Dominguez — gathered more support for his candidacy thanks more to a court decision against him than to his electoral campaign.

So much government determination to defend causes that are often not shared by society leads us to ask: How far can the people's patience stretch? When will there be the straw that breaks the camel's back?

The best antidote the administration had all this time to minimize its vices seems to be dropping in importance. Besides stability and the administration well-wishers, there does not seem to be too much auspicious news on the social and economic front.

An official report revealed last week that three million people live below the poverty line in Argentina. The presidential forecasts of a strong drop in the unemployment rate do not seem to be in accordance with the first estimates of the National Institute of Statistics and Census (INDEC), whose final results will be known at the end of June. Initial INDEC reports put unemployment today at 19.7 percent.

Perhaps that same antidote is influencing Camilion — despite everything — to continue hanging from his chair. Not even he, however, can ignore the precariousness of his situation. "They beat me real well," Camilion told Rodriguez at the end of his tour of the Senate and the Chamber of Deputies.

What happened was the expected: The opposition had a free hand to unload all their artillery against the minister. Camilion defended himself much better than was expected each time he was able to change the axis of the scandal toward foreign policy considerations, or confuse the issue in long discussions about the world arms market.

He could not, however, answer any of the questions — such as queries regarding his inaction following warnings about those shipments made by Brigadier Juan Paulik — that revealed his portion of political responsibility in this story.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The UCR seemed to sense blood and tried to transfer the cost of the episode on Menem's shoulders. But its audacity could cause the UCR problems in its relations with the ruling party.

PJ senators responded to the attitude of UCR legislators against Camilion by walking out on 15 May and leaving the session without a quorum. The Senate was scheduled to approve the incorporation of former Governor Horacio Massaccesi into the Senate during that session.

That was not all. The PJ bloc is also considering the possibility of approving the request to strip Eduardo Angeloz of his immunity, as requested by a Cordoba judge in a case of embezzlement. The alert was sounded by Senator Jorge Yoma, who tended to protect the former governor in the past and now, curiously, wants to surrender him.

But all mediation efforts will be used before things get worse. A pale Angeloz allegedly had a conversation with Eduardo Menem on the subject. The senator conveyed to Angeloz his brother's predominant feeling for him: "We must defend Pocho" [Angeloz' nickname], Menem said this week, before participating in a campaign rally with Jorge Dominguez. The administration's disposition toward the UCR is probably linked to the arms scandal. A summons for Colonel Hugo Molinari, military attache to the Argentine Embassy in Ecuador, is considered imminent. Molinari's report, disseminated in the courts by Di Tella, moved the level of the scandal up again.

But this event does not seem to be the worst thing for the government: In two to three weeks, at the most, Judge Jorge Urso will summon Camilion, and the talk about impeachment will again jump to the fore. It is to be seen whether or not the government will maintain its respect for the judicial investigation into the arms sale, as it promised, among other things, in an effort to dissipate its political responsibility.

There are grounds for doubt. The indictment of Mayor Dominguez provoked official annoyance against the judicial system and against a judge who, with a little fancy, was linked to the UCR. It is true that the opposition has blocked in Congress a request for impeachment against the judge, but it is also true that Mariano Berges climbed where he is now with the support of powerful people.

The administration went beyond some minimum limits in this case. It seems to be alright, for instance, to question the decision's suitability or political timing, but it sounds harmful to the health of our institutions to attempt to ignore it, as the president insinuated.

The mayor also had a slip of the tongue. His indictment could have irritated him, but nothing justifies throwing a veil of suspicion over the entire judicial branch, or linking Fernando de la Rua with the "unemployed manpower" [the way the Raul Alfonsin administration referred to former members of the intelligence and repressive apparatus during the military regime], a phrase of unmistakable meaning that takes us back to an era of horror.

What will the opposition have the right to say if the Federal Court acquits the mayor or admits his request to remove the judge from his case?

The exaggeration seems to have recognized some political realities. Dominguez' increasing popularity — as polls seem to suggest — encouraged him to choose Fernando de la Rua as his exclusive opponent. He is apparently trying to take advantage of the stagnation of Frepaso candidate Norberto La Porta and former Minister Gustavo Beliz' drop in popularity.

The UCR senator [De la Rua] skillfully avoided a confrontation. He did not attack the mayor or dive into a discussion on Peronist or Radical influences in the justice system, which derives from the Olivos Pact that he never supported. He answered in the cautious manner of a man who respects others as much as he respects the Bible. Beliz and La Porta, however, attacked Dominguez, furiously demanding his resignation.

Menem used the confrontation to stand where he likes most. He looked down from his position to the shouting opposition and repeated — these are the words, more or less — his favorite phrase: "I am the power."

He sustained Camilion, encouraged Dominguez, and even had time for other distractions. He talked about future candidates — from Cavallo to Carlos Ruckauf — in order to take a bit from Eduardo Duhalde's aspirations. He tried to drag the Argentine people into a debate on a remote issue: Power in 1999.

As if nothing happened here and now.

Argentina: Peaceful Protest Held Against Governor

PY2105193196 Buenos Aires LA PRENSA in Spanish 18 May 96 p 6

[FBIS Translated Excerpt] Tucuman Province Governor Domingo Bussi yesterday witnessed the largest opposition demonstration since he was democratically appointed. The demonstration was controlled by some 500 policemen and border police agents.

Following harsh criticism, Tucuman Governor Antonio Bussi thus faced the greatest protest against him since he

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

was democratically appointed. A crowd of workers and unemployed people flooded the Independencia Square under the slogan "On Foot and With the Strength of Our Lungs." They repudiated the economic adjustment decreed by the provincial government — which has already fired 3,900 employees and plans to dismiss another 12,500 — and the delay in paying the salaries of public employees. [passage omitted]

Recalling the fact that he used to be a de facto governor, the demonstrators livened the rally by shouting "murderer...murderer" and other chants. Despite a strained atmosphere the day before due to government measures to safeguard order, the atmosphere in the square was one of peace and no incidents were registered, except for a somewhat insignificant scene between Radical Deputy Carlos Curey and a policeman. Eyewitnesses said the legislator was beaten with a stick without any real consequences. In another incident, some people were slightly injured by a noise bomb. [passage omitted]

An unofficial provincial police communique stated that 5,000 people participated in the event, but the labor sector estimate was quite different. Cesar Zelarayan, secretary general of the Tucuman Province Teachers Association (ATEP), and Martin Rodriguez, secretary general of the Tucuman Public Servants Association, estimated that 20,000 participated. [passage omitted]

Bolivia

Bolivia: Administration, Coca Farmers Reach Agreement

PY2205194496 Cochabamba LOS TIEMPOS in Spanish 9 May 96 p 2

[FBIS Translated Text] La Paz, 8 May — Coca farmers from Chapare, Cochabamba Department, and the Yungas in La Paz Department, and Minister of Government Carlos Sanchez Berzain have signed a preliminary agreement on the coca-cocaine issue. The agreement was signed in an atmosphere of dialogue and respect for the provision of Law 1008 on coca leaves and controlled substances.

The signing of the agreement took place on the evening on 8 May, after a lengthy confidential meeting at the Ministry of Government. The two parties agreed to set up "institutional operative commissions" to monitor the implementation of alternative development programs, the reduction of excess plantations, and marketing mechanisms.

This agreement, signed after five hours of debate, managed to summarize preliminary accords on the coca-cocaine issue, although coca farmers were cautious and distrustful about the contents of the document that Ministry of Government officials drafted.

Evo Morales, executive secretary of the Special Federation of Tropic Region Peasant Workers, said: "This agreement will benefit both parties only if the government decides to suspend compulsory eradication of coca in farming areas, democratizes alternative sustainable development plans in the Chapare Region, and displays political will to provide for the social needs of coca farmers."

The agreement states:

1. A 16-member Permanent Negotiating Committee was created in keeping with the agreement reached on 3 February 1996. The members represent the COB [Bolivian Labor Federation], Chapare and Yungas coca farmers, and the National Executive Branch.

2. The parties also decided to establish an operative commission which will receive, investigate, and verify reports on violation of human rights. It is made up of Roberto Cespedes and Evo Morales representing coca farmers, Victor Hugo Canelas [Under Secretary for Controlled Substances], and Carlos Iriarte (Cochabamba Prefecture secretary for popular participation). The operative commission for the Yungas is still to be established.

The operative commission will operate permanently within its area of jurisdiction and in case of disagreements among its members, it will resort to other institutional bodies.

3. The parties agreed to establish working commissions to discuss items listed in the agreement agenda in keeping with the following level of priority and timetable: a) the coca reduction and alternative development issue; b) the Isiboro-Secure issue; c) the Yungas, La Paz Department, issue; the marketing and processing issue; and e) evaluation of the agreements signed.

4. The administration and the coca farmers agreed to expedite the sale of coca leaves to the Albo-Export Company, and directly to consumers through unions, cooperatives, and other organizations under the supervision of Dinaco [National Coca Control Directorate], and in keeping with the provisions of Law 1008.

The administration, the peasants, and the COB set a deadline for all newly established negotiating commissions to conclude their assigned tasks: 25 June 1996.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Bolivia: Coca Growers Suspend Eradication of Crops

PY2205145196 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 22 May 96

[FBIS Translated Text] Coca producers have decided to suspend the voluntary and compensated eradication of coca plantations in the Tropical Chapare region and the Isiboro-Secure park because of the government lack of political will to start a process of dialogue and negotiations, as agreed on 8 May.

Evo Morales, executive secretary of the Special Federation of Tropic Region Peasant Workers, reported that the decision made in a leadership meeting was communicated to the Bolivian Labor Federation and that the measure seeks to revert the government lack of interest in negotiations to solve the problems provoked by the coca-cocaine conversion.

All agreements for the voluntary and compensated eradication of coca plantations will no longer be valid as of 22 May in protest of the lack of government political will to discuss the implications of the program of substitution and alternative development, Morales said.

The coca leader added that the negotiation process that started on 8 May could break, which could provoke a climate of social tension. Morales said that the government avoids, delays, and postpones the dialogue while concentrating all its efforts in the eradication of coca plantations, during which the antinarcotics forces indulge in all kinds of abuse, high-handed behavior, and human rights violations.

Bolivia: Accord Will Be Signed With Mercosur in Jun

PY2205174196 Santa Cruz EL MUNDO in Spanish 16 May 96 p A23

[FBIS Translated Text] In the Netherlands today, Bolivian Foreign Minister Antonio Aranibar confirmed that in June Bolivia will sign a free trade agreement with the Common Market of the South (Mercosur). The agreement will be known as "four plus one" by the four Mercosur member countries and Bolivia, and will become an integration axis.

This information was submitted by a journalist of the Bolivian Press Agency (ABI) who travelled to the Netherlands and Sweden with President Gonzalo Sanchez de Lozada and the foreign minister.

According to ABI, Aranibar confirmed the signing of the agreement during his conference entitled "Bolivia, Land of Opportunities," during which the Bolivian delegation tried to convince European businessmen about the advantages of investing in Bolivia.

The foreign minister assured the possible European investors that "Bolivia is a country of contacts" that does not exclude any integration system.

According to the ABI report, Aranibar said that Bolivia "belongs to the Andean community, that it will sign an agreement with Mercosur, has already signed an agreement with Mexico, and is negotiating the possibility of a similar agreement with Chile."

According to the press report, "the free trade agreement with Mercosur will contribute to the entire Andean Community's participation in the integration process through this treaty."

The report then adds that "in his address to Dutch and European businessmen, Aranibar pointed out Bolivia's privileged position in the South American continent which makes it the continent's natural integration axis."

He also said that "another of Bolivia's advantages is the great quantity of natural resources it has and the structural change process that expedites and secures private investment.

The report goes on to say that "the foreign minister, who accompanied President Gonzalo Sanchez de Lozada on his working visit to Sweden and the Netherlands, also referred to Bolivia's true possibility of becoming the energy axis of the region with the construction of a gas pipeline to Brazil."

It ends by stating that "as he noted the magnitude of the project, Aranibar told the European businessmen that Bolivia not only will sell gas to Brazil, which it has been already doing for the past 20 years to Argentina, but also that its production may reach Chile and Paraguay and through a network of pipelines distributing the gas that will be produced in Camisea, Peru."

Bolivia: Opposition Parties React to Military Allegations

PY2205230496 La Paz PRESENCIA in Spanish 14 May 96 p 6

[FBIS Translated Text] On 13 May, lawmakers from the MIR [Movement of the Revolutionary Left], the ADN [Nationalist Democratic Action], and Condepa [Conscience of the Fatherland] flatly rejected charges of a "conspiracy" against the Armed Forces orchestrated by "extremist groups" in collusion with opposition politicians.

The lawmakers refuted the charge, adding that these allegations have been cooked up by certain high-ranking military officers

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

MIR bloc leader Hugo Carvajal harshly criticized General Reynaldo Caceres, the Armed Forces commander, for "disparaging the opposition political parties" by publicly accusing them of conspiring with extremist groups against the military institution.

Carvajal accused Gen. Caceres of adopting "servile" attitudes toward the MNR [Nationalist Revolutionary Movement], rather than defending his institution.

ADN Deputy Fernando Kieffer said in Sucre that Gen. Caceres was "acting politically" in favor of the administration because "he is the only one who speaks out" and "does not let the others" comment on national issues.

He said: Caceres silences other military officers when they state opinions contrary to the interests of the executive branch.

Kieffer stated that Caceres approved turning over the railroad company to Chileans, and other capitalization projects.

Condepa Senator Carlos Garcia said: "This is a very clever attempt to label the opposition parties as enemies of the Armed Forces, thus creating within the latter an atmosphere favorable to the ruling party. It clearly demonstrates the gratitude Gen. Caceres owes to the MNR and the administration, and his obsequiousness to keep his job as Armed Forces commander."

MIR, ADN and Condepa lawmakers agreed that Gen. Caceres is trying to "settle his account" with the administration, which extended his term at the head of the Armed Forces for another year.

The lawmakers asked the military men to make their charges more specific, and mentioned the possibility of summoning Defense Minister Jorge Otacevic and Gen. Caceres before the congressional committee that was installed on 13 May.

Politicians of the previous administration, who are now part of the opposition, deplored the attitude of the Armed Forces commander, and accused him of covering up the dissatisfaction within the Armed Forces over the sale of the railroad company to a Chilean company, and over the lifting of the ban on foreign companies being installed within 50 km of the border.

Relations between civilian and the military have never been so tense since the return of democracy in 1982.

The military communique uses words like "extremist," which in the past helped justify political repression, words that the military had practically eliminated from their current vocabulary.

Bolivia: Editorial Urges Armed Forces To Prove Charges

PY2205231396 Santa Cruz EL MUNDO in Spanish 14 May 96 p A5

[Editorial: "A Serious Charge"]

[FBIS Translated Text] The Armed Forces high command has leveled a very serious charge. It has stated that a mixture of anarchists, extremists, terrorists, and opposition politicians are conspiring against the Armed Forces and its high command. Since democracy returned to Bolivia and the military went back to their barracks in 1982, the Armed Forces have refrained from voicing an opinion as harshly as they did on 11 May.

This charge is worrisome because it was raised by one of the country's most serious institutions: the Armed Forces. They are believed to have effective intelligence services. The wording of the communique released in La Paz indicates that the conspiracy the Armed Forces are warning us about is very dangerous. It surprised us to hear that a powerful organization of extremists, opposition politicians, anarchists, and terrorists is conspiring against the military.

During the past few weeks some people, including a retired colonel, accused the Armed Forces commander of protecting the allegedly criminal activities of a former defense minister.

The Armed Forces high command was criticized for its indifference toward reports that Chile has diverted a border river.

These issues seem, however, to be neither serious nor dangerous, less still the concoction of extremist, terrorist, or anarchist minds.

The wording of the military document leads us to believe there is something much more formidable; a powerful operation capable of seriously damaging the military institution. If not, their alarming reaction would be exaggerated and inappropriate.

To justify the concern that the Armed Forces communique has awakened among the citizenry, the institution must now prove the matter is serious. The Armed Forces must supply the names of the people involved in the conspiracy and the evidence to back it up. Although their charges are general and nonspecific, they seem to indicate that there are many people involved in the conspiracy.

Their intelligence agencies must have duly established that there is a conspiracy, otherwise it would be irresponsible of them to warn about serious threats where there are none. If the communique has to do

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

only with the attitude of a retired colonel, as some people believe, the reaction is alarmist and irresponsible because it undermines the credibility of the military institution.

Society is awaiting a more explicit and broader explanation than the one provided in the communique. The military high command must provide it so the people know the full scope of the threat the Armed Forces face.

Bolivia: Military Reaffirms Compliance With Constitution

PY2305003896 Santa Cruz EL MUNDO in Spanish 15 May 96 p A23

["Third" military communique issued by the office of the Armed Forces commander on 14 May]

[FBIS Translated Excerpt] [introductory passage omitted] The Bolivian Armed Forces wish to clarify certain institutional aspects for the benefit of the people:

1. Military men serve the nation in keeping with the Constitution and the laws, and we are proud of it.

We do not engage in political partisan activities. Our institutional role is clearly defined. We do not deliberate, in keeping with the following articles of the Constitution:

Article 208. The basic mission of the Armed forces is to defend and protect national independence, the security and stability of the Republic, national honor and sovereignty, to enforce compliance with the Constitution, to ensure the stability of the legally established government, and to cooperate in the overall development of the country.

Article 209. The organization of the Armed Forces is based on its chain of command and discipline. They are essentially obedient and non-deliberative, and comply with military laws and regulations. As an institution, the Armed forces does not engage in political activities but as individuals its members have and exercise the rights of all citizens in keeping with the provisions of the law (Bolivian Armed Forces Organization Law LM-1405).

Article 210. The Armed Forces are under the jurisdiction of the president of the Nation, his orders on administrative matters are passed via the defense minister, and on technical matters via the Armed Forces commander.

In case of war, the Armed Forces commander will command operations.

2. We fully comply with our constitutional duties. Among other things, we significantly contribute to further national development by building roads, schools, medical facilities, and render community services by making the best possible use of our human resources, by training soldiers to carry out their civic duties, and by teaching them to defend the human rights of fellow citizens and their own.

Our courageous officers, noncommissioned officers, sergeants, and privates are carrying out their patriotic duties throughout the nation, especially along the borders, despite shortcomings in infrastructure and services.

3. Obviously certain politicians and leaders from various pressure groups want us to state our opinion on matters outside our sphere of competence. They suggest that we should oppose laws that have been approved and passed by the organizations which control the operation of our republican, democratic, and representative system, laws which we should all obey whether we like it or not, among them the capitalization law, the hydrocarbons law, and others.

In sum, they want the Armed Forces to violate the Constitution because it suits them. We will not do so, we will continue to fulfill our constitutional role as faithful servants of that law of all laws.

4. If certain political leaders believe we should express our opinions on everything, or oppose certain policies which are outside our sphere of competence, we suggest they propose amendments to the articles of the Constitution that deal with the Armed Forces.

We reiterate that we serve the Constitution and will act in keeping with it and the laws of the Republic.

Bolivia: Financial Crimes To Face 'Harsh' Measures

PY2205163796 Madrid EFE in Spanish 1904 GMT 21 May 96

[FBIS Translated Text] La Paz, 21 May (EFE) — Bolivian Finance Minister Fernando Candia today announced that the crimes of tax evasion, contraband and "laundering" of money obtained from drug trafficking will be fought with harsh repressive measures adopted by the Latin American governments.

On 18 May Candia participated in the meeting of Latin American finance ministers held in New Orleans, in the United States, during which it was decided to fight economic crimes stemming from drug trafficking in a bilateral and multilateral manner.

During the meeting the ministers of the 27 countries participating admitted that "financial crime" is one of the "great evils" plaguing the economies of the region and that it is linked to corruption in the private and public sectors.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Candia said that contraband, in Bolivia's case, has become the factor that most distorts the economy due to the lack of effective control systems on the 6,750 km-long border shared with another five countries.

He warned that the incorporation of money coming from the "cocaine economy" into the legal financial circuit is not always done through "laundering" but also through contraband and the purchase of property and goods.

Moreover, the finance ministers identified as one of the causes of the financial crisis the lack of bank supervision, therefore, they determined the need to step up the control system by the creation, by the IDB, of a training program for supervisors.

Bolivia: News Summary for 21 May

96CA0176A (Internet) Bolivian Social Communications Ministry WWW in Spanish 21 May 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt] [passage omitted]

Editorials

PRESENCIA

Article 60

There are some disputed points relating to the manner of electing deputies. While one point of this article clearly establishes the manner of electing deputies, another states that the number of deputies shall reflect each party's proportional vote. This may be used as a gimmick to oppose a uninominal election system, as such a system might easily disrupt each party's proportional vote.

[passage omitted]

Political News

Heated Debate on Pension Reform

Amidst shouting, yesterday the government opened the "second major battle" of the structural reforms, by unveiling the central pillars of the Pension Reform. In essence, this reform guarantees the incomes of the present 120,000 retirees and distributes the benefits of privatization among all adult Bolivians.

Speaking to an emotion-packed audience, most of whom were retirees, Privatization Minister Alfonso Revollo said that the upcoming reform will increase the number of people receiving pensions from 120,000 to over 600,000. He made this statement while speaking in a markedly hostile climate, filled with insults and constant interruptions from those attending the seminar sponsored by the Confederation of Retirees of Bolivia.

[passage omitted]

Senate Commission: Chile's Illegal Use of Silala River Waters

A commission of senators has visited the Bolivia-Chile border in Sud Lipez province of the department of Potosi, and determined that the Silala River is Bolivian. The use of its waters in Chilean territory is illegal. Some physical constructions have been built on the Bolivian side to channel its waters, and doubts still persist about the diversion of its waters.

These principal conclusions were summarized by MIR [Movement of the Revolutionary Left] Senator Gonzalo Valda, who spoke about the findings of the commission which visited this disputed area last weekend. The members of the commission were accompanied by the ministers of foreign relations, Antonio Aranibar, and defense, Jorge Itasevic, and staff from the Military Geographic Institute.

[passage omitted]

Brazil

Brazil: Nuclear Cooperation Agreement Signed With Canada

PY2305001596 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 22 May 96

[Report by Carlos Alberto in Brasilia]

[FBIS Translated Text] Brazil and Canada signed a nuclear cooperation agreement. President Fernando Henrique Cardoso today received Canadian Foreign Minister Lloyd Axworthy at Planalto Palace. The main subject they discussed was the nuclear cooperation agreement signed today by the two countries. In the agreement, Brazil reasserts and points out the role of nuclear energy in the supply of electricity and the production of radioisotopes for medicinal, agricultural, and industrial purposes.

A special point in the agreement signed by Brazil and Canada is a point that envisages the adoption of nuclear safety standards to prevent accidents. The agreement will also serve as a basis for nuclear energy projects between the two countries. The agreement endorses nonproliferation policies by Brazil and Canada.

[Madrid EFE in Spanish at 2111 GMT on 22 May carries a 300-word report that adds: "The agreement includes the possibility of cooperation in the supply

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

of information, technology, materials, and equipment, as well as joint research projects, technical exchanges and assistance, exploitation and development of uranium resources."]

Brazil: French View Cooperation in Space Industry

BR2205141896 Paris LE FIGARO in French 22 May 96 p 14

[Report by Blanca Riemer: "Matra and Aerospatiale Look to Brazil"]

[FBIS Translated Text] Brasilia — The start of French-Brazilian cooperation in the aerospace domain will feature prominently in the state visit to France by Brazilian President Fernando-Henrique Cardoso on 28-30 May. Matra and Aerospatiale are both in the running to gain a foothold in this market at a time of massive opportunities as the telecommunications market is opened up to foreign investors. The Brazilian president will hold separate meetings with the leaders of the two companies, with the French side hoping that this will make it possible to finalize plans that were drawn up a while ago.

A Way in for Matra

Cooperation should begin at the level of the public establishments of both countries. The National Center for Space Studies and its Brazilian counterpart, the National Space Research Institute [INPE], will sign an agreement for the development of a small scientific satellite at a cost of around $12 million. Another larger project could also be the subject of an agreement during the presidential visit for the joint development of a small launcher for 200 to 300-kg satellites. The Brazilians are working on the launcher at the Sao Jose dos Campos aerospace research center (Sao Paulo state) but have run into difficulties with the rocket's integrity. They would like to have access to French technology to give their rocket greater reliability.

While these projects do not present major political problems, Matra's ambitions in Brazil are tied in with the opening-up of the telecoms markets which is currently the subject of a fierce debate being waged in Brazil. With the liberalization of the telecoms markets now imminent, Matra has joined forces with Globo, the country's largest TV station which also owns the largest newspaper in Rio de Janeiro, also called GLOBO, TV production companies, cell phone companies, and Bradesco, the largest private bank in Brazil.

The purpose of this consortium is to become the prime contractor and operator of a Brazilian mixed TV and data transmission satellite. Christened Project Class, this would give Matra a way into what could be one of the biggest telecommunications markets in the world. The Brazilian Congress recently approved a change to the constitution allowing foreign companies to take a stake in telecoms which up now have been a state-run monopoly.

The Great French Return to Brazil

Determined not to be left behind, Aerospatiale is also holding talks with the INPE for the joint production of a standard launch platform for all telecommunication satellites.

As Renault has recently decided to bank heavily on Brazil with an investment of 5 million French francs [Fr] for a Megane assembly plant in Parana state, the arrival on the scene of Matra and Aerospatiale really would signal the great French return to Brazil. One French industrialist noted: "France wants to prevent Brazil going completely over to the United States."

Brazil: Venezuelan President on Real Plan, Mercosur

PY2105143496 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 21 May 96

[Report by Patricia Novaes in Brasilia]

[FBIS Translated Text] Venezuelan President Rafael Caldera has said that he wants to learn about details of the Real Plan.

President Caldera has come to Brazil in the company of Venezuelan ministers, congressmen, governors, entrepreneurs, and union leaders. He has said that Brazil and Venezuela have confirmed their interest in cooperating in the energy-producing area and that an association between the Venezuelan Petroleum, Inc. and the Brazilian Petroleum Corporation is being analyzed.

President Caldera has also said that there is no established date for Venezuela's admittance into Mercosur, the Common Market of the South, although this will probably take place before the end of the year.

Brazil: Cardoso Addresses Businessmen in Brasilia

PY2205211196

[FBIS Report] Rio de Janeiro Rede Globo Television in Portuguese at 1615 GMT on 22 May carries a 3-minute report stating that more than 2,000 businessmen from throughout the country arrived in Brasilia today to demand changes in the government economic policy and haste in the approval of the constitutional reforms. Organized by the National Confederation of Industry, CNI, the businessmen gathered at the National Hotel in Brasilia.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The businessmen delivered a document to President Fernando Henrique Cardoso demanding the fast approval of the tax reform, control over unfair trade practices, lower interest rates, free access for foreign capital, incentives for small and middle-sized enterprises, a swifter privatization process, and the fast approval of the social security and administrative reforms.

President Cardoso was accompanied by Finance Minister Pedro Malan, Planning Minister Jose Serra, and Industry and Commerce Minister Francisco Dornelles at the National Hotel to hear the demands of businessmen and to give them some answers.

Sao Paulo AGENCIA ESTADO in Portuguese at 1550 GMT on 22 May carries several short 100-word items reporting on Cardoso's address to the businessmen. He said the Constitution of a country cannot be changed simply by snapping one's fingers.

The president clearly established that he needs the support of the businessmen and the public in Congress and in the media. He categorically denied having granted improper concessions during the voting process of the constitutional reforms. He said: I did not give into anything. The triumph the administration in those voting sessions is the result of work by government allies. I did not bargain. AGENCIA ESTADO reports that the president concluded his speech with a standing ovation from the nearly 3,000 businessmen at the National Hotel. He guaranteed that Brazil will progress in the tax reform and made a self criticism. He said Congress is overloaded. We ask too much of Congress. We have placed too many reforms on the agenda. Congress has a limit to what it can handle. Cardoso then said the reforms are being approved fast as he can with the power that he has. He said the whole world knows Brazil is progressing. The president concluded his speech by thanking the businessmen for their ideas and support. He ended with a dramatic appeal: Brazil needs us all.

Brazil: Cardoso's Falling Popularity Viewed in Poll

PY2205190396

[FBIS Report] Rio de Janeiro JORNAL DO BRASIL in Portuguese on 19 May, page 3, carries a 1,000-word article on a JB-Vox Populi poll in the eight largest Brazilian state capitals — Rio de Janeiro, Sao Paulo, Belo Horizonte, Salvador, Recife, Fortaleza, Curitiba, and Porto Alegre — between 11 and 14 May. The article states that — on a scale from 1 to 10 — governmental actions received an average of 3.3 in 10 activities: Health, agrarian reform, education, unemployment, social security system, transportation, privatization, industrial development, agriculture, and even inflation control. The areas in which the administration received the lowest grades are: Unemployment, 1.9; social security system, 2; and health, 2.6. The areas in which it received the highest grades are: Transportation, 4.1; industrial development, 3.9; and state-owned enterprises' performance, 3.7. The article explains that 5,278 people were interviewed. They represent a population of 25.6 million Brazilians, some 17 million voters, which is equivalent to 18 percent of the country's voters.

Sao Paulo FOLHA DE SAO PAULO in Portuguese on 19 May, Section 1 p 8, carries an 800-word article on a Datafolha poll conducted on 15 May in Sao Paulo. During the poll, 1,080 people were interviewed and only 25 percent of them approved the performance of the administration. This represents a 13-percent drop on the previous poll last March, and a 43-percent drop on those who, right after the elections, expected President Cardoso to head a good or excellent administration. The article states that the number of people who deem this administration bad or very bad increased from 24 percent to 33 percent, while the number of interviewees who believe the Brazilian Social Democracy Party, PSDB, administration is barely average increased from 37 percent in March to 42 percent. The article contains opinions about other areas of the administration's performance, such as: Cardoso's popularity among Sao Paulo people with an income of up to 10 minimum wages has dropped by 16 percent; 74 percent of the interviewees believe the administration is giving less attention to the social area than it should; 69 percent believe Cardoso should give more emphasis to education and housing; 47 percent believe the administration is giving less attention to the economy than it should; 83 percent said they are in favor of an agrarian reform; 45 percent disapprove of Cardoso's performance regarding the landless people's massacre in Para State; 66 percent know nothing about the PSDB administration's Community in Solidarity program for the social area; and only 16 percent of the people have a positive opinion of First Lady Ruth Cardoso's performance at the head of the Community in Solidarity program. The article states that the average grade Sao Paulo people attribute to Cardoso's administration is 4.8. Some 16 percent of the interviewees gave the administration a zero and just 4 percent gave it a 10. Some 35 percent believe the performance of the Cardoso administration has deteriorated, 12 percent believe it has improved, and 52 percent believe it remains the same.

Sao Paulo AGENCIA ESTADO in Portuguese on 20 May, in a 270-word item datelined Brasilia, reports that Presidential Spokesman Sergio Amaral believes the poll conducted in Sao Paulo reflects "isolated" opinions and does not reveal "a trend." The spokesman stated that the Brazilian Public Opinion and Statistics Institute polls,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

which have been passed to the administration indicate that since February 1995, the number of Brazilians who believe the administration is "excellent/good" has remained at about 40 to 45 percent, and that in the polls requested by Planalto Palace the previous week the number stood at 40 percent "due to some unfavorable news" published in the media. The spokesman is then cited as saying: "The administration does not base its policy on polls but on continued-action programs," and added: "There is no reason for concern." The article states that Amaral rejected rumors that the drop in Cardoso's popularity follows reports that he grants favors to certain groups in exchange for support for the constitutional reforms. Amaral is quoted as saying: "The administration does not give in over important matters; it hasn't done so, and will continue to defend the need to implement the reforms."

Brazil: Cardoso Forges Electoral Alliance in Rio

96SM0310A Rio de Janeiro JORNAL DO BRASIL in Portuguese 15 May 96

[Unattributed article: "PSDB, PFL Form Alliance in Rio" — received via Internet]

[FBIS Translated Text] **Fernando Henrique intervenes in the campaign and manages to bring Cesar and Marcello together for an agreement regarding the mayoral race.**

Governor Marcello Alencar and Mayor Cesar Maia started toward an electoral agreement yesterday. After a year of quarreling, the two men scheduled a meeting this weekend to work out the details of the basis for a PSDB [Brazilian Social Democracy Party]-PFL [Liberal Front Party] alliance in the mayoral race in Rio de Janeiro. Fernando Henrique Cardoso played an active role in putting the agreement together: the president sent his minister of industry, commerce, and tourism, Francisco Dornelles (PPB [Brazilian People's Party], to work out the alliance, which also includes the PPB.

Under the terms of the agreement, the three parties—PSDB, PFL, and PPB—will spend the next two weeks discussing the terms of the agreement without discussing candidates. "We are seeing the conditions for an alliance. Based on our agreement regarding the terms of an alliance, we will find a candidate," Marcello Alencar said yesterday. "None of the parties will fail to nominate someone. I promised Minister Dornelles that there would be no comments from my mouth, not even at home, regarding candidates, and I am going to keep that promise to the letter," Cesar Maria said.

This means that State Deputy Sergio Cabral Filho (PSDB) is no longer the only PSDB candidate. "Sergio Cabral Filho is very strong electorally, but he is not yet the party's official candidate," the governor said yesterday. The result is that the state secretary of industry, commerce, and tourism, Ronaldo Cezar Coelho (PSDB) again has a chance of being nominated for mayor. The governor, who had previously been insisting on Sergio Cabral, acknowledged yesterday that he would now "talk to both of them." And he added that he would not allow a confrontation between them. "That would have consequences within the party," Marcello added.

The meeting between Marcello and Cesar Maia was arranged by telephone yesterday morning. It was Mayor Cesar Maia who called Marcello. The two had met with Francisco Dornelles separately at the beginning of the week. The minister made clear the importance of a union between the two in order to face Miro Teixeira, the PDT [Democratic Labor Party] candidate for mayor of Rio de Janeiro, who is very close to an electoral agreement with the PT [Workers Party] and looking for new supporters.

In a preliminary conversation with Marcello on Monday, Dornelles was told by Rio de Janeiro's governor that he would agree to form the alliance but that he would not give up his right to choose the head of the slate, preferably Sergio Cabral Filho, and that he would not accept vetoes from the mayor. Then it was Dornelles' turn to talk to Cesar Maia. During a three-hour meeting at City Hall on Tuesday evening, Cesar Maia eventually agreed but also imposed his own conditions: he would not veto anyone provided that the governor did not choose candidates.

Cesar Maia, who has always been on the offensive in attacking Marcello, changed his tone radically yesterday. "The governor was very receptive during our telephone conversation. We had not spoken to each other since perhaps the floods (in February), but it was as though we had been together the evening before," the mayor said. "I feel that we are both open to proposals," he added. Sergio Cabral Filho had his press office issue a statement. It said: "I salute Mayor Cesar Maia's decision to participate in this high-level negotiation; it is a sign of maturity on the part of the mayor. I am rooting for its success."

Ronaldo Cezar Coelho was more effusive. "If this alliance succeeds, I am certain that the election in Rio de Janeiro will be deci[illegible] in the first round. It will be the alliance of the archaic—the PDT and the PT—against the alliance of progress represented by President Fernando Henrique Cardoso," he said.

Minister of Industry and Commerce Francisco Dornelles is President Fernando Henrique Cardoso's "finger" in the Rio de Janeiro election. Ever since taking over the ministry a week ago, Dornelles has been working

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

very hard in Rio de Janeiro. His office in Brasilia is empty, and the ministry's affairs are being put in the background. Until the agreement is reached—the president wants everything settled by the weekend—Dornelles is "on leave" from his job as minister: he is Fernando Henrique's political coordinator in Rio de Janeiro.

"The first mission that Dornelles received from the president was political. It was to go to Rio de Janeiro and smooth matters over between Governor Marcello Alencar and Mayor Cesar Maia. That is what he has been doing for the past few days," was the comment yesterday by a federal deputy who has free access to Planalto Palace. "Before Dornelles, the president's political coordinator was former Deputy Raphael de Almeida Magalhaes, but he succumbed to the mutual attacks between Marcello and Cesar," the federal deputy recalled.

That was only one of the reasons leading the president to intervene directly in Rio de Janeiro's election process. The red light came on in Planalto Palace when it was learned that a number of polls were reporting Cesar Maia's growing influence on the electoral scene—through mayoral hopeful Sandra Cavalcanti—and because of the rise of Miro Teixeira (PDT), along with the announced coalition between the PT and the PDT.

The same deputy claims that Dornelles' entry into the process does not mean that Marcello Alencar is losing influence. "On the contrary, the governor will end up strengthened. The head of the slate will be from the PSDB, but the agreement provides that all the available names will be considered in order to determine which of them is the best one for the alliance. It is one thing to run on one's own; it is another to represent a coalition of several parties."

Brazil: Senate Threatens To Change Telecom Bill

96SM0310C Rio de Janeiro JORNAL DO BRASIL in Portuguese 15 May 96

[Article by Sonia Carneiro: "Senate Wants To Change Telecom Bill" — received via Internet]

[FBIS Translated Text] **Administration allies do not accept a restriction on foreign capital.**

Brasilia—The Senate is threatening to reject the agreement that was reached among pro-government parties the day before yesterday to allow passage in the Chamber of Deputies of the bill opening up the telecommunications industry to private enterprise. That agreement restricts foreign capital's participation in the cellular telephone business for three years and establishes a six-month period for setting up an agency to regulate the end of the state monopoly in that sector. The senators do not agree with those decisions and have also threatened to reduce the powers of Minister of Communications Sergio Motta during the transitional period. The agreement was blasted by most of the leaders of the parties allied with the administration: the PFL [Liberal Front Party], the PMDB [Brazilian Democratic Movement Party], and the PPB [Brazilian People's Party]. Only the PSDB [Brazilian Social Democracy Party]—the administration party—defended it.

President Fernando Henrique Cardoso will meet today with leaders of the allied parties in the Senate and the presidents of the PPB (Senator Esperidiao Amin, Santa Catarina), the PSDB (Senator Teotonio Vilele Filho, Alagoas), and the PTB [Brazilian Labor Party] (Senator Jose Eduardo Andrade Vieira, Parana) to plan an offensive aimed at expediting a vote on the bill.

Step backward—Several senators were indignant yesterday over the agreement reached in the Chamber of Deputies. PFL leader Hugo Napoleao (Piaui) said it was "a step backward, a march to the rear in opening up the economy" and announced that he would submit an amendment removing the restrictions on foreign capital. PSDB leader Sergio Machado (Ceara) fired back: "Even in the United States, such participation (by foreign capital in the field of telecommunications) is restricted."

Senator Esperidiao Amin also criticized the agreement. "President Fernando Henrique made a mistake in backing that agreement," he said.

Senator Roberto Requiao (PMDB, Parana) threatened to resign as president of the Committee on Education, Science, and Technology if the bill was not submitted to it. "It's one more PSDB trick," he complained. "If the bill does not go through the committees, that is a sign that the administration was in favor of the changes made in the Chamber but lacked the courage to take responsibility for them."

The government leader in the Senate, Elcio Alvares (PFL, Espirito Santo), was alarmed at the reaction by the senators. The administration is going to allege extreme urgency in submitting the bill to regulate cellular telephones, meaning that the bill will be sent directly to the floor for a vote by the full Senate without going through the technical committees.

"We need to expedite debate. Investors want to know the rules so they can invest about 10 billion to 15 billion reals in the sector," Elcio claimed.

The biggest problem with the Senate's negative reaction will be a possible veto of Senator Hugo Napoleao, the number one candidate, as rapporteur for the cellular telephone bill in the Committee on Constitution and

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Justice. But Hugo has already said that he will not give up his position as rapporteur if that task is assigned to the PFL. "I have been minister of communications, and I am qualified for the job," he shouted.

Brazil: Chamber's Passage of Telecom Bill Discussed

96SM0310B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 May 96

[Editorial: "Relative Progress in Telecommunications" — received via Internet]

[FBIS Translated Text] The political agreement on opening up the telecommunications business made it possible for the Arolde de Oliveira substitute bill to be passed by the Chamber of Deputies. Although still subject to the opinion of the Senate, the vote in the Chamber has historical significance despite the obvious flaws in what was approved. The biggest of them is the fact that for the first three years, the constitutional rule stating that there is no distinction between domestic and foreign firms will not be obeyed. The second is that the party resistance overcome in the Chamber will not necessarily be overcome or overcome that easily in the Senate despite the opinion that the PSDB [Brazilian Social Democracy Party] is thought to hold. To get an idea of what is awaiting the bill, we need to pay attention to the statement by Hugo Napoleao, leader of the PFL [Liberal Front Party], who says he does not agree with what was approved on Tuesday. Even so, we must not fail to acknowledge the positive features of the bill passed by the Chamber, even though the opening up was restricted and even though there have already been indications in the Ministry of Communications of displeasure with the text as approved. It is important to realize that a step forward has been taken: it shows that we are beginning to free ourselves of the straitjacket of corporatism.

Not until 1999 will the field of telecommunications be completely open. Until then, the Ministry of Communications will decide, on a case-by-case basis, how the restriction on foreign investment—set at a maximum of 49 percent of the controlling interest—will be applied. There are those in the executive branch who think it is possible to fix smaller percentages until a telecommunications agreement is reached within the framework of the World Trade Organization (WTO). Strictly speaking, then, it will be three full years before we will be able to judge the executive branch's degree of commitment to free and broad competition in the Brazilian telephone market, which is badly in need of investment.

The political clashes surrounding the bill caused concern that there might be another delay in approving the opening up. That would have a harmful effect on investment decisions, since it is known that the consortiums that will compete for the market have already organized in the knowledge that there will be some restrictions on their participation in the market. The disagreement between the PFL and the PSDB has, however, an instructive and revealing character. Since telecommunications is a sector with a potential for attracting 35 billion reals in investment in four years' time and 74 billion reals in seven years' time according to official estimates made last year, it is understandable that the PFL should head up an attempt to promote a broad opening up immediately, something that goes against the administration's stands. It is accepted that Minister Motta should try to impose his own points of view, although his reasons are not very understandable. Minister Sergio Motta wanted to do more than limit foreign companies to a 49-percent share of the controlling interest in cellular telephone, satellite, and data transmission companies. He also wanted to make the administration responsible for regulating the sector, something that was also challenged in the Chamber of Deputies and made the subject of talks. It was decided that the ministry would be responsible for regulation only until an independent agency for supervision and regulation was established.

The question of the regulatory agency is an important one. In the United States, that responsibility belongs to the Federal Communications Commission (FCC), which brings together the best-known telecommunications experts and has tremendous power over the future of that sector. An intermediate solution was adopted here: the Arolde de Oliveira substitute bill creates the National Communications Commission (CNC) "with decision-making independence and budgetary and financial autonomy," but the executive branch has six months in which to send Congress a bill regulating its organization and composition. If the executive branch does not meet that deadline, the National Congress is authorized to do the job, but no deadline is set for approval of the bill by Congress. The international recommendation calls for partial regulation of the sector, something that was not adopted here in Brazil. A law would be required to do so. And not only that. It would also require cultural changes of such a nature that people would have to stop asking the state for things it is not prepared to deliver.

The danger of a public monopoly will be removed when, as promised, the bidding begins. It is expected that the new companies may be operating by the second half of next year.

The degree to which telecommunications will be opened up will depend on how soon we put to rest such myths as that the sector is strategic in nature and that individuals

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

will not invest in rural areas or small towns. Strictly speaking, it is better to have a subsidy than to preserve an entire system for intervention that no longer works. Those who worry about preserving the role of the state should recall that power to award operating concessions will remain with the Union. And for the moment, debate on opening up the telephone companies and privatizing Telebras [Brazilian Telecommunications, Inc.] has not even begun.

Brazil: Deputies Defeat Government on Social Security Issues

PY2305012296 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 22 May 96

[FBIS Translated Text] The administration today sustained another defeat at the Chamber of Deputies during votes on separate topics of the social security reform bill.

Reporter Alexandre Garcia reports live from the Chamber of Deputies:

[Begin recording] [Garcia] The president reshuffled his cabinet to boost his congressional majority, but his efforts are not paying off. The administration suffered three setbacks this afternoon, all of them concerning public servants and the social security reform. The administration needed 308 votes, but as many as 55 pro-government deputies voted against it.

The first setback for the administration was the defeat of the proposed minimum age of 55 to make public servants eligible for retirement. The second setback resulted in maintaining the special retirement system for university professors; and the third setback, provides for extending the benefits granted to active public servants also to retired servants.

Here are the causes of the defeat: many pro-government deputies left Brasilia before the voting session and the administration lost votes. In casting their votes, many pro-government deputies took into account personal demands that have gone unheeded and voted against the administration. Furthermore, this is an election year and many pro-government deputies are running for mayor and the social security issue is controversial. Additionally, there were problems persuading pro-government blocs.

The social security bill will be voted on during a second round at the Chamber of Deputies, and twice at the Senate. Reporter Cristina Serra has more on reactions from Planalto Palace.

[Serra] The social security votes today provoked immediate reaction here at Planalto Palace. President Fernando Henrique Cardoso is deeply dissatisfied over the way the social security reform is going. Administration officials believe the way the bill is now, it will not benefit the country. President Cardoso stated that it is unacceptable for a poor country like Brazil to maintain privileges in retirement systems for public servants.

Presidential spokesman Sergio Amaral conveyed a tough message in this respect.

[Amaral] Congress today clearly voted to maintain privileges. The president wants to make it clear that he will not buy votes to guarantee the approval of the reforms. He will not run a bargaining counter. [end recording]

Shaken by today's defeat, administration officials acknowledged that they failed to change the procedures for voting on separate topics, which can be easily manipulated by minority groups. The administration conceded that this was a serious oversight.

Brazil: Commentator Argues Auto Accord Violates WTO Rules

PY2205163896 Rio de Janeiro O GLOBO in Portuguese 16 May 96 p 22

[Commentary: "Nothing Legal"; from the "Economic Panorama" column by Miriam Leitao]

[FBIS Translated Text] Contrary to what Francisco Dornelles — industry, commerce, and tourism minister — believes, the automotive accord does not respect the WTO rules. Very much to the contrary, the accord often violates the WTO rules. First, because the accord was established six months after the end of the term established by the WTO for the negotiation of exceptions like this one. Second, because it establishes dual tariffs. Car-assembling companies import cars paying 35 percent [not further specified]. Everyone else pays 70 percent.

Also contrary to what Minister Dornelles thinks, the fact that a certain country has a trade surplus with Brazil does not authorize us to create illegal barriers to trade with that country. First, due to a factor known as bargaining power. If Brazil wants to decree a trade war on Japan because our trade balance favors them by $177 million, the Brazilian administration may end up by importing several annoyances. Second, because this is not the way trade exchange functions. Otherwise Chile, the Netherlands, England, Spain, Belgium, and all other countries with which we had a trade surplus last year would be entitled to discriminating us.

International trade cannot be analyzed this way, with favorable or unfavorable rules to be established depending on what the bilateral trade balance signals. Even because

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

signs frequently change. Until September 1995, Brazil had a surplus with Japan and this situation became inverted at the end of the year.

A country such as Brazil, a global trader [two preceding words in English] cannot, for parochial reasons disrespect international trade rules that it helped formulating.

Diplomatic expressions of trade have more weight than they seem to. The decision to withdraw the waiver [preceding word in English] request did not put an end to trade dispute with the main partners about the automotive accord. "Bilateral consultation" is not the same as exchanging opinions. It is a negotiation that presupposes that those who have broken the rules will make concessions. If these talks fail, a panel [preceding word in English] will be formed against Brazil. In this instance, panel does not mean a debate or a seminar. It refers to a legal action against the country at fault.

There are legal forms of protecting a country's economy against unfair competition, but first it is necessary to prove that there has been harm. So far, within the framework of the WTO rules, Brazil has not been able to prove that there has been harm in any of the alleged cases of unfair competition. Brazil can establish tariff or nontariff barriers against the PRC and Taiwan because they are not members of the WTO and are not subject to international laws.

In the 1970's and 1980's, Brazil produced trade surpluses at the expense of subsidized exports and restrictions to imports. This method, however, cannot be repeated now.

The Tokyo Round in the 1970's and the Uruguay Round in the 1990's have deregulated the trade laws and made them sophisticated. At the beginning of the 1980's, Brazil proved that there was an imbalance in the balance of payments and was authorized to create obstacles to the admission of foreign currency. With foreign reserves totaling more than $50 billion, it was impossible for the country to prove in 1995 that it still had imbalances in its balance of payments.

If Brazil wants to defend the automotive accord, it will have to find good arguments and legal reasons on which to base its defense.

Brazil: Malan Assesses Economic Growth Prospects

PY2305030196 Rio de Janeiro O GLOBO in Portuguese 19 May 96 p 48

[Interview with Finance Minister Pedro Malan by Regina Alvarez and Silvia Faria in his office in Brasilia; date not given]

[FBIS Translated Text] [O GLOBO] Minister, given the imbalance of the fiscal accounts, will the control of inflation continue depending on the monetary and exchange policies?

[Malan] We are sure that the fiscal situation in 1996 will improve considerably in comparison with that of 1995, considering the consolidated federal budget (including the federal administration, states, municipalities, and public companies), which is something relevant for macroeconomics. The nominal deficit (which includes inflation) will fall from 7.35 percent of the GDP to 5 percent of the GDP. In the EU, the average fiscal deficit was 4.7 percent. The Maastricht agreement establishes the goal of 3 percent of the GDP. Luxembourg is the only country that currently meets this goal.

[O GLOBO] How will the fiscal accounts fare, taking into account the operational concept (that excludes inflation)?

[Malan] Under the operational concept, the fiscal deficit last year was 4.95 percent of the GDP. It will drop by half this year to about 2.5 percent of the GDP. This is primarily a result of the reduction of the monthly interest rates, which dropped from 4.6 percent — the highest rate registered in March 1995 — to 2 percent. We will improve the primary surplus (which excludes expenses and income from interest), which was less than 0.5 percent of the GDP last year, to something between 1.5 and 2 percent of the GDP.

[O GLOBO] Won't the delay in implementing a fiscal adjustment represent greater costs for society, given the monetary squeeze represented by the high interest rates and the scarce credit?

[Malan] Yes, but we are dealing with objective situations, not with what we would like. Of course we would have preferred to implement a far greater adjustment. But you have to sit here and try to do things, and not remain outside saying: You should do this or that. Come try to do it.

[O GLOBO] But is the demand for more resources for the social field legitimate?

[Malan] When you add up the total expenses of the federal administration, states, and municipalities in the social field, it is not a small expense but a significant

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

one. The most important issue nowadays is to discuss the efficiency with which public resources are used in that field and the mechanisms of control and supervision of those resources. The fact is that the state spends poorly. I think it is too simplistic to think that once a problem is identified, it will be solved by merely increasing the volume of resources for it and that it will be solved on its own. We are a country with such a social deficit that the demand for resources for the social field is legitimate. However, those problems considerably surpass our capability to solve them in a short period of time with the resources we have available. That is our great problem.

[O GLOBO] But don't you fear that the social pressures will affect the government's priority treatment of combating inflation?

[Malan] It could seem that we are excessively worried about controlling inflation, as if that were the objective in and of itself. We never said that. We said that we cannot give up controlling inflation or maintaining its falling trend because it is a necessary albeit insufficient condition to allow the country to attend to other objectives that are just as important. The poorest classes were benefited by the reduction of prices. That is social policy.

[O GLOBO] Doesn't the excessive effort to restrict expenses affect our economic growth?

[Malan] I have said more than once, and I will repeat: Brazilian economic growth over the past three years (1993, 1994, and 1995) averaged 4.7 percent in real terms. This is an economic performance that, although not brilliant, is not negligible anywhere in the world. If we consider the 1993-98 period, we will have an average economic growth rate above 4.5 percent. Since the demographic growth rate dropped by more than 1 percent, the increase of real income per capita is equivalent to a 5.5 percent economic growth rate.

[O GLOBO] Isn't that economic growth level much below Brazilian needs?

[Malan] Economic growth this year will range between 3 and 4 percent. You asked me if that was not much lower than the growth potential of our economy. My answer is yes. We can and we will grow at higher rates in the medium and long term. But in order to attain this, we must increase our level of private savings in proportion to the GDP and reduce the public sector expenses or fiscal deficit. If we manage to attain that, we will be able to grow in a sustained manner at a higher rate. When we grew at higher rates, as in the 1960's, our savings rate was 25 percent of the GDP. Nowadays, it stands at about 20 percent. When I am told that countries like Korea, China, Malaysia, Hong Kong, or Taiwan are growing at a 7, 8, or 9 percent rate, I respond by noting that the savings rate in those countries runs at 30 to 35 percent of the GDP.

[O GLOBO] Until last month you were working on the basis of a 4 percent economic growth rate for this year. The Central Bank reviewed this goal and is working with a 3 percent perspective. Does this mean that the monetary policy squeezed the economy too much?

[Malan] Economics is not an exact science and it does not have such a fine tuning. Nowhere in the world is there a control panel where you can press a button to determine an economic growth percentage at the end of the year. We said that it would be close to last year's rate, which was 4.2 or 4.3 percent. A growth rate between 3.5 and 4 percent is close. I always thought it would be close but below that figure. We currently continue with our estimate of something between 3 and 3.4 percent. However, I would not like that to be considered as a theorem.

[O GLOBO] In the event Congress rejects the reforms, as the administration expects it to do, are there alternatives to guarantee an improvement of the fiscal accounts?

[Malan] There is the idea, in Brazil and abroad, that if the constitutional reforms are not approved soon, the real will run a serious risk in the short term. We do not see it that way. There is much to be done in terms of laws besides the Constitution, and in terms of executive branch actions. Even though I strongly defend the constitutional reform, it is not correct to consider that we are condemned to failure in the event it is not possible to modify the Constitution in the next few months. I see this as a development process over the next few years. But it does not mean that the administration will stop governing. If Congress does not approve the contribution to the social security system by retired and autonomous workers, it will have to indicate to us a new source of income or indicate some budget cuts as an alternative.

[O GLOBO] How much is the state banks program costing the Treasury?

[Malan] That program is still under discussion. Therefore, it is too early to tell its cost. The relevant issue is not its impact on the public debt in the calendar year in which the program is implemented. That matter must not be considered from the viewpoint of a timeframe. We want to solve the state banks problem on a long-term basis.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[O GLOBO] How will the administration manage to explain the program to the sectors of society that demand more resources, incentives, and investments?

[Malan] We are trying to explain clearly and frankly that the administration is not a politician, as, unfortunately, some people who seek to transform this into a political issue claim. The objective is to strengthen the Brazilian financial system, which is the duty of any administration anywhere as it simultaneously works to protect the interests of bank savers and investors. There is a wrong perception that banks work with bankers' resources when in reality they work with the resources of their clients, like me, you, the people in general, or of other banks.

[O GLOBO] The administration is also trying to find a definitive solution to the problem of the states' debts and the FCVS [Compensatory Fund for Salary Variations] (which is a fund that subsidized the housing financing). Won't that solution worsen the fiscal situation with an impact on the public debt?

[Malan] The debts of the states and the FCVS were inherited and this administration is trying to solve them with courage instead of ignoring them and waiting for the return of inflation or for other administrations to deal with them in some other way. It is an act of courage that the Cardoso administration does not lack.

[O GLOBO] Recent opinion polls indicate that the popularity of President Fernando Henrique Cardoso is dropping among the middle class. Is that the sector of society most affected by the Real Plan?

[Malan] I do not know about those polls. The fact is that there has been no loss of popularity among the classes that were benefited by the increased purchasing power of the currency. During the first year of the real, the prices of some services that are not affected by international competition increased. Since they have a greater weight on the budget of a certain class, it is possible that the discomfort is being felt the greatest there.

Brazil: Bulletin on Economic Situation Released

PY2305000296 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 22 May 96

[Report by Arlete Milhomem in Brasilia]

[FBIS Translated Text] The government has for the first time released a bulletin on the national macroeconomic performance.

The bulletin, which was drafted by Finance Ministry experts, reports on the state of the national economy. It stresses five main points: Inflation, economic activity, the monetary policy, the external sector, the internal economy, and fiscal policy.

The bulletin was read by Economic Policy Secretary Jose Roberto Mendonca de Barros. He said its figures indicate a growing economy and the continuity and progress of the economic stabilization plan.

Despite favorable expectations of the economic performance for the rest of the year, Mendonca de Barros admitted there are still problems in the labor and services markets. By contrast, the administration expect 7 billion reals in direct investments in 1996. The economic policy secretary said investments should attenuate the situation of the labor market until the end of the year.

[Sao Paulo AGENCIA ESTADO in Portuguese at 0042 GMT on 22 May carries a 700-word report which adds: "The Finance Ministry decided to present an analysis of the economic situation through a bulletin that will be released on a monthly basis as of 22 May. It will contain analysis and information obtained from the market and the administration. Based on this information, the Finance Ministry will offer businessmen and market agents an evaluation of the economic performance and trends, as well as the economic scenarios that will be observed along the year. The decision to make the bulletin public, even through Internet, has been studied over the past few months. The bulletin will serve as a reference for the financial market. Herewith the main analysis in the bulletin:

["Inflation: The economic team believes the inflation index measured by the Economic Research Institute Foundation, FIPE, every four weeks should remain at 1.2 and 1.4 percent. This result will fluctuate according to "seasonal" causes like the 18.2 percent price readjustment of clothes, especially women's clothing, and of the impact of last Mother's Day purchases. This impact will dissolve over the next four-week period during which the FIPE will measure inflation, just as price increases on fuel, milk, and milk byproducts over the past four weeks dissolved during the month.

["Economic activity: The different sectors of the economy reflect many different situations. During the first quarter, manufacturing industry output dropped by more than 10 percent compared with the 10.5 percent increase in the GDP registered last year. Industrial sales will improve although a strong recovery is not expected in the short term in terms of production. The manufacturing industry should grow by nearly 2 percent of the GDP. Commerce also presents a high disparity in the performance of its activities, but it maintained its level thanks to the sale of durable goods.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

["Interest rates — The bulletin reasserts that interest rates are dropping. Interest rates of public securities have already dropped, as have those for final borrowers. The Finance Ministry experts take as an example the interest rate charged on the special check of the Bank of Brazil, which dropped from 14 percent to 8.5 percent per year.

["Exchange rates — The exchange market has 'no problems' although the administration is still facing a high inflow of foreign capital. The May balance stands at $2.1 billion."]

Brazil: BC's Franco Views Economic Performance

96SM0309A Rio de Janeiro JORNAL DO BRASIL in Portuguese 12 May 96 p 14

[Interview with Gustavo Franco, director of international affairs of the Central Bank of Brazil, by Cristiano Romero; place and date not given; first paragraph is JORNAL DO BRASIL introduction]

[FBIS Translated Text] Brasilia—The director of international affairs at the Central Bank of Brazil, Gustavo Franco, admits it: last year's 45 billion real deficit was enough fuel to inflame the perpetual pessimists. In this interview with JORNAL DO BRASIL, Franco suggests that consultants did not realize, as 1995 wore on, that the public accounts were deteriorating. "There is nothing that wounds the pride of a consultant more than making a rosy prediction that does not come true," he said, sarcastically. With his customary frankness, Franco said the fiscal situation is delicate. Even so, he is counting on an improvement this year. After the 45 billion real deficit in 1995, the public accounts will probably end 1996 with a deficit of 27 billion reals. "I have told foreign investors that our deficit will be close to the European average, i.e., about 4.5 percent of GDP [gross domestic product]." Targeted by economists critical of the administration, the director has learned to have fun with the firecrackers being lobbed at him. He reacts with humor to a survey that cites the price of a Big Mac sandwich in other countries in an attempt to prove that the real is overvalued in relation to the dollar. "The outcry against the exchange policy is largely limited to the usual suspects, who are now using a more primitive index—like the Big Mac Index—to badmouth the exchange rate. Liberal in the broadest sense of the term and averse to sectoral incentive programs, Gustavo Franco says economic growth is the only remedy for unemployment. "All the government needs to do is give us a stable country and the private sector will do the rest," he believes.

[Romero] Why this pessimism about Brazil's situation?

[Franco] There is a connection between expectations and what people call the fundamentals. Sometimes the expectations are more favorable than the fundamentals, sometimes they are worse, as if things were worse. On average, expectations tend to prove right. In our case, any backup in the timing of news produces that explosion of optimism or pessimism. It is typical of the financial markets, of the stock exchange, to follow the crowd—all they need is for two or three people to say something good, and the whole bunch takes off after them. This is not of any importance at all from the substantive standpoint, since it is the fundamentals that matter.

[Romero] So from the standpoint of the fundamentals, are there reasons for pessimism?

[Franco] I would not say that. We had bad news last year, and I think the main thing was the fiscal results that produced unfavorable expectations—essentially because, for much of 1995, the analysts failed to notice the deterioration in the public accounts. When those figures were released, the impression was that the consultants had been too optimistic. And there is nothing that wounds the pride of a consultant more than making a rosy prediction that does not come true. Consultants traditionally have a pessimistic bias because it is always better to err on the pessimistic side—because you warned of problems that got solved in time—than to err on the optimistic side, which makes you appear naive or not well-informed. So you always have to be pessimistic. That is why there has been a shift of opinions onto the pessimistic side, which is now in effect. However, the fiscal figures for 1996 will be better.

[Romero] Why?

[Franco] Lots of reasons. The first fiscal year without inflation demonstrated the truth of something we used to say, that some people criticized: the theory that inflation was a tremendous help to government officials—to cut expenses, they could simply postpone them. Now that there is no more inflation, that defense is gone and so expenditures tend to rise. But that happens in the first year. The states had automatic readjustments that occurred every year for no reason at all. A large part of last year's poor results represented an adaptation to lower inflation rates. In other words, we had to create new fiscal control mechanisms that had nothing to do with inflation.

[Romero] There was a spike in the inflation rate in April, and the administration itself was responsible. Didn't that contribute to the pessimism?

[Franco] There was an increase in the inflation rate, a circumstantial one due to an annual correction of

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

prices. The question I ask is this: why did the entire impact of that increase, which is annual, have to be concentrated in just one month? Under the accrual basis of accounting, the increase affects 12 months. Why wasn't the impact diluted over 12 months? I think our inflation thermometers need an overhaul if they are to be used in this world of greater precision, of much lower inflation rates.

[Romero] But wouldn't that be doctoring the inflation rate?

[Franco] In other countries, it is very common for these episodic increases that occur annually to be diluted over time. Inflation is a generalized increase in prices, not a localized increase, nor an increase in relative prices. So a price that rises during one month is an increase in relative price. It is not inflation. Of course people try to capture only what is widespread among the price increases in a given month, not what is episodic. Not that we should sweep anything under the rug.

[Romero] Something else that bothers the pessimists are the reforms. which are at a standstill. Besides, it is believed that the administration's haste has produced only inconsequential reforms, such as the social security reform.

[Franco] It would be exaggerating to say the results are inconsequential. We are starting to play a game with Congress and public opinion in which it will be necessary to negotiate and compromise, which is the essence of democracy. If that does not serve the purposes of building a new development model, of putting public finances in order, there is no reason why the subject cannot be reopened for discussion in the future. No country in the world passes 20 constitutional amendments in six months, amendments affecting extremely sensitive subjects such as health insurance, social security, administrative reform, and the oil monopoly. We are doing things at a speed that would be extraordinary by any international standard, but it seems inadequate, given the expectations people have had about this administration.

[Romero] Were the pessimists wrong in concentrating their attention, during the first year of the real, on the external issue, the rate of exchange?

[Franco] A lot of people are trying to make our problem one of the external sector rather than of the public sector. That is obviously wrong. The external sector, the balance of payments, was so solid that it easily withstood the Mexican crisis. But that was not true of the fiscal situation. The fiscal situation is delicate. After all, we experienced something close to hyperinflation. That does not just come out of nowhere. It is the result of an extremely serious fiscal situation, an extremely serious imbalance, and that stuff does not vanish overnight. Having created the real, but not yet completed the reforms and the fiscal measures that will solve the public sector question, yes, you do have an imbalance. It is no use saying you do not, because you do!

[Romero] What is the forecast for the public sector deficit this year?

[Franco] I have told foreign investors that the nominal deficit in the public sector (without discounting the effect of inflation on the results) will be close to the European average: 4.5 percent of GDP. In 1995, it was 7.5 percent, in other words, a 45 billion real shortfall. That is a heck of a lot of money.

[Romero] What are the major problems with the real, today?

[Franco] The problems of the real are less and less the problems of a stabilization plan. Increasingly, they are problems of the country's economic viability although, of course, economic viability is closely tied to the question of stabilization. That is why the reforms are important. We had a development model under which government spending was the only inducement to development—hence the lack of fiscal discipline. A good government was one that spent, that built things. We had that saying "he steals, but he gets things done,"—but that was the old Brazil.

[Romero] What development model is that?

[Franco] In the Brazil of the future, the inducement for development will no longer come from government spending, but from the private sector. Development ceases to be a collection of government programs and expenditures and becomes the result. Social policy is no longer measured by how much money is spent on it, but by the results, by improved social indicators that are produced by factors that sometimes have no direct connection with social programs.

[Romero] How so?

[Franco] Today we see, for example, a lot of questioning of the administration in the social realm, because it is not spending much there. Paradoxically, in many people's minds, this is seen as a failure in terms of the indicators. But precisely the opposite is true. This is the government that has brought about the biggest improvement in the social indicators in Brazil in the shortest possible time. Let us go back to things like the minimum wage. At the time of the conversion to URV's [real unit of value], it was $64.00. Now, in dollar terms, the minimum wage is more than $100.00. No government in recent times

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

has succeeded in bringing about, in a noninflationary manner, such a big real increase in the minimum wage. This means that social results are being produced in a healthy economic environment. What we must not do is be forced to resolve social problems by recreating inflation, and we are seeing a little of that out there.

[Romero] Once again, there is a widespread outcry about the exchange rate. People say it is out of line by 12 percent, that it is hurting exports.

[Franco] It is not a widespread outcry. It is a very localized outcry from the usual suspects, who are now using a more primitive index. Every April, THE ECONOMIST publishes the world prices of the Big Mac. The same thing happened last year, i.e., the Brazilian Big Mac was more expensive than the American one, but cheaper than the European and the Japanese. I even wrote an article to show that if we took the Big Mac and made a weighted Big Mac using the shares of the respective countries in Brazilian international trade, ours was more or less the same as the international price. What astonished me about this recent statistic is that the Japanese Big Mac fell by 40 percent in nominal terms, in yen. There must be something wrong with the statistics over there in Japan. But even if there isn't, whatever made the Japanese Big Mac drop in price, it has zero relevance for the discussion of Brazil's competitiveness.

[Romero] Critics of the real recall that in 1995 there was a deficit of more than 3 billion reals in the balance of trade. Can we count on equilibrium in 1996?

[Franco] If today's results are projected through the remainder of the year, there would be a surplus. Personally, I do not think it makes any difference whether the balance of trade produces a 3 billion real surplus or a 3 billion real deficit. It has no relevance at all. Last year, we had a 3 billion real deficit and accumulated 12 billion reals in reserves. People complain that reserves are expensive. So, had the deficit been five instead of three, we would not have accumulated 12, we would have accumulated 10 billion in reserves. In short, it does not make the least difference from the standpoint of our balance of payments. The trade situation is fine, exports and imports are continuing to grow, and productivity is rising with the opening up of the economy. You do not mess with a winning team.

[Romero] During President Fernando Henrique Cardoso's conversation with the economists, there were a lot of complaints that the combination of an out-of-step exchange rate, high interest rates, and the opening of the economy is bankrupting a lot of Brazilian firms.

[Franco] There are two trends operating simultaneously. One is the opening of the economy, which has an extraordinary impact from the standpoint of the distribution of industry's dynamic force. There are sectors that are losing their competitive edge and need to be adjusted, something that happens all over the world. In many countries, some sectors sometimes lose competitiveness and those industries migrate to other countries. In Brazil, we are seeing an extraordinary phenomenon—migration to other regions.

[Romero] Do you have any examples of this?

[Franco] The shoe industry from the south, which is labor-intensive, is moving to the northeast. There are reports that the wineries of the south are making new investments in the northeast, in the Sao Francisco area. Other industries have been making investments away from Sao Paulo, to avoid the labor costs, which are higher because of the unions and the cost of living. As this happens, you create unemployment in one place but increase the employment in another. In other words, you produce higher unemployment figures that reflect the change. This is what we call structural unemployment. There is no cure for it. Someone leaves an industry that is shrinking. Someone else, who was unemployed, finds a job in a different industry. Time passed between the two events, and the unemployment rate was high during the interim.

[Romero] And what is the second reason why companies are going bankrupt?

[Franco] It is the government. Last year, the deficit was 45 billion reals. Since the Central Bank does not print money, the public sector has to borrow that money on the market. So the credit furnished by the private sector to the public sector has to increase by 45 billion reals in order to finance the government. Now, to do that, since we are not going to print money, it is private sector credit that will have to shrink. So you have a curtailment of private credit via the interest rate and the reserve requirement (the volume of bank deposits required to be kept at the Central Bank), to accommodate the public deficit. What does the country want? If it wants a bigger public sector, it will have to have a smaller private sector.

[Romero] Brazil is internationalizing its economy, but it already had historic imbalances in the employment area. How will this problem be addressed?

[Franco] Growth is wonderful medicine. In order for the private economy to take off, all the government has to do is give us a stable country and the private sector will do the rest. Many of us learned to reason on the basis of the idea that the private sector did not have the capital needed to make investments. That is not true. Exactly the opposite is true. The private sector today has even

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

more capital and greater liquidity than the government has.

[Romero] When one looks at Argentina, which has a stabilization plan similar to ours, we see that the unemployment rate there has now reached 25 percent.

[Franco] I think there are a lot of similarities, but also a lot of differences. In no way is our plan moving toward anything like theirs in terms of unemployment. I am not very familiar with the Argentine situation, but they have all the same problems we do, but on a much larger scale, and they have a fixed exchange rate....

Brazil: Roundup of Economic Developments Through 21 May

PY2305002396

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 21 May.

BASIC LEADING INDICATORS

Record Unemployment in Sao Paulo — The Inter-Union Department for Statistics and Socioeconomic Studies, DIEESE, has announced that the number of unemployed workers in Greater Sao Paulo stood at 1.342 million in April — the highest since 1985 when DIEESE began its employment and unemployment surveys. The unemployment rate in April — which accounted for 15.9 percent of the economically active population — was 6 percent higher than in March. The April rate set a new record for the Real Plan. In terms of percentages, however, the April rate was not the highest; in June 1992 it stood at 16.2 percent. Despite the rise in the number of unemployed workers, for the first time in four months industrial companies hired more workers than they fired in April. (Sao Paulo AGENCIA ESTADO in Portuguese 2228 GMT 20 May 96)

FINANCIAL OPERATIONS

Country Returns to Gold Market — Joubert Furtado, head of the Central Bank, BC, International Reserve Operations Department, told O GLOBO that Brazil will return to the international gold market this week. Brazil has not been operating on the market since 6 February. Furtado said Brazil pulled out to disprove claims that Brazil needed to buy nearly 1,000 tonnes of gold — half the world's annual production — to compensate for losses stemming from errors in its transactions on the market. He said that now those rumors have been dispelled, we are ready to return to the market. (Rio de Janeiro O GLOBO in Portuguese 20 May 96 p 14)

Government Debt in Bonds Increases — The BC today reported that the federal administration's debt in bonds with the private sector increased by 4.4 billion reals, R — 3.3 percent — to R138 billion in April. In terms of the GDP, the debt in bonds rose from 15.8 percent to 16.1 percent. The BC said the Treasury is accountable for R68 billion — 49.3 percent — of the above debt while the BC is accountable for R70 billion, 50.7 percent. The overall public sector debt — including state and municipal administrations — stood at R219.7 billion in March. The federal administration is responsible for the largest share of this debt — which is some 32.7 percent of the GDP — with 14.3 percent; state and municipal administrations with 11.4 percent; and state-owned companies with 7 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 0011 GMT 22 May 96)

FISCAL, MONETARY ISSUES

Monetary Base Declines — For the fourth consecutive month, the monetary base has declined in April. From R18 billion in March, the monetary base dropped to R17.4 billion, 7.3 percent in April. The decline in the monetary base was possible because the Treasury had a R1.7 billion surplus in April, thus reducing the needs for the BC to issue more currency. The R1.1 billion inflow of foreign resources and the R913 million used by the BC to rescue state-owned banks were factors that brought pressure upon monetary expansion in April. (Sao Paulo AGENCIA ESTADO in Portuguese 2351 GMT 21 May 96)

Brazil: Police Demonstrate Against Administrative Reform

PY2205183996 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 22 May 96

[FBIS Translated Text] Beside the businessmen, hundreds of civilian and military policemen demonstrated this morning in Brasilia against the administrative reform. Deputy Moreira Franco, rapporteur of the administrative reform, proposes to militarize the Brazilian military, civilian, highway, and federal police. This means that the Armed Forces can summon the mentioned police groups in case of need.

The administrative reform also proposes the dissolution of police labor unions and the elimination of the right to go on strike. The 500 policemen who gathered in Brasilia reject all these proposals. As for their militarization, they believe that the Armed Forces should only act in case of war and not in times of peace.

Brazil: Army Donates Land for Agrarian Reform

PY2205190196 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 22 May 96

[FBIS Translated Text] The Army has made the largest donation of land ever to carry out agrarian reform in

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Brazil. It donated 6.2 million hectares of land. It is an enormous area, far larger than the state of Rio de Janeiro, or than a country like Switzerland. The land is distributed mainly among the states of Para, Tocantins, Mato Grosso, and Rondonia.

The Agrarian Reform Ministry is certain that at least 30 percent of this land is fully suitable for agriculture. The rest has not been evaluated yet.

To make another comparison, it must be said that the government that distributed land the most — the Sarney administration — distributed 4.3 million hectares of land, or only two thirds of what Army Minister Zenildo Lucena will give to the Agrarian Reform Minister Raul Jungmann.

Furthermore, the Bank of Brazil will donate large portions of land for the agrarian reform next week. This is land the bank received in payment from borrowers who still owe the bank more than 200,000 reals each.

Colombia

Colombia: Defense Minister on U.S. Presence Near Border

PA2205123396 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0348 GMT 22 May 96

[Report by Gilberto Alvarado]

[FBIS Translated Text] Colombian Defense Minister Juan Carlos Esguerra Portocarrero reasserted at the Congress of the Republic tonight, that there is no military cordon of U.S. or Panamanian soldiers who are trying to enter Colombian territory illegally. The minister stated this at the debate that took place in the Senate tonight, when Senator Fabio Valencia Cossio presented a video that showed the disembarking of military troops. The minister, however, did not reveal if the troops that appeared on the video were U.S. soldiers, joint patrols, or only Panamanian Armed Forces members who were patrolling the area to find drug-traffickers' airstrips or laboratories along the border area with Colombia.

After the debate ended, Minister Esguerra Portocarrero talked to reporters:

[Begin recording] [Esguerra] There are no [words indistinct] along the Colombia-Panama border. We have furthered air patrols and several operations and have obtained additional information that allowed us to corroborate what I am now telling you: There is no U.S. military presence along the border area. There have been actions stemming from the cooperation agreements that exist between Panama and the United States. Those cooperation agreements prompted the overflights of U.S. airplanes in Panamanian territory, as well as the support that U.S. helicopters give to Panamanian Armed Forces, in its efforts to find laboratories and airstrips belonging to drug traffickers near the border area. The Panamanian Armed Forces, however, are the ones furthering the actions against drug-trafficking activities. The Panamanian Armed Forces and police are the ones furthering those tasks along the border area.

[Reporter] [Question indistinct]

[Esguerra] I cannot tell you if they are going to continue doing this because I do not have the details of the cooperation agreements between Panama and the United States. However, we have been guaranteed that those helicopters are not involved in any kind of task in the border area. They are not involved in tasks to fight drugs along the border area itself. The Panamanians are not using them there. They are using their own planes and helicopters. [end recording]

The defense minister said U.S. planes are being used up to the El Real de Santa Maria town, 50 km from the Colombia-Panamanian border. They are not used closer to the Colombia border because the treaties between Panama and the United States do not allow it.

Colombia: Extradition, U.S. 'Hatred' Toward Samper Viewed

PA2305040696 Santa Fe de Bogota EL TIEMPO in Spanish 22 May 96

[Article by D'Artagnan: "Impossible Extradition" — received via Internet]

[FBIS Translated Excerpts] [passage omitted] I don't have a doubt in my mind that the gringos' hatred toward Samper is largely due to the fact that, under the Constitution, he has pledged not to extradite a single drug trafficker, no matter how "alluring" he may be for the U.S. Government. I am also confident that if someone replaces Samper in the Presidency, whether it is tomorrow or after 7 August 1998, that person — no matter how rightist or pro-North American he may be — would not support extradition either.

Vice President Humberto De La Calle himself, among other persons, has expressed his opposition to extradition: Extradition was banned in the 1991 Constitution — period. And this is what Gaviria said in his communique: "The 1991 Constitution, which we all drafted in a democratic manner, is the best and most legitimate shield of our sovereignty, and it must be fully observed." [passage omitted]

Whatever the case, the extradition of Colombians to the United States is banned, and no matter what may happen in this country, I doubt it will be repealed or

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

that any president will dare to do so. The reasons? Like they say, it is better not to rock the boat... That is why, the only thing the "Movement for the Dignity of Colombia" cannot argue with is that Juan Carlos Gaviria was kidnapped for fear of a hypothetical reestablishment of the extradition policy.

Another thing is the foreign intervention and the report on the authorization of U.S. troops in the Darien, according to which the Panamanian foreign minister stated that his government had authorized the U.S. Southern Command to overfly the area in an effort to control drug traffiking from Colombia. If this were true, perhaps it would be advisable that Cesar Gaviria issue a pronouncement in this regard, in his capacity as OAS secretary general.

Colombia: Minister Rejects Venezuela's 'Hot Pursuit' Bid

PA2205203196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1716 22 May 96

[Report by Antonio Colmenares in Cucuta; from "The Midday Newscast"]

[Translated Text] Two border issues have regained prominence in Colombia. One has to do with Panama, its border, and pursuit operations against narcoguerrillas. The other involves the situation on the Venezuelan border due to similar circumstances. These circumstances have caused a controversy between the sides.

Colombian Defense Minister Juan Carlos Esguerra spoke about this today. Antonio Colmenares, in Cucuta, has details:

[Colmenares] The so-called hot pursuit doctrine, which consists of permitting Venezuelan Army forces to enter Colombian territory, would violate the Colombian Constitution, and for this reason Colombian Defense Minister Juan Carlos Esguerra, on arriving in this city, denied that this possibility can be considered.

[Begin Esguerra recording] I will reiterate the very clear position of the Colombian Government: We will not support hot pursuit. [end recording]

[Colmenares] In arriving at this capital and referring to yesterday's ruling, the minister said he feels calm because there is an opportunity to deal with the situation in an improved atmosphere and more comfortably.

[Begin Esguerra recording] I am calmed. I believe fortunately now there is an opportunity to deal with things in a better atmosphere and more comfortably. [end recording]

[Colmenares] Right now the ministers are participating in a Security Council meeting with the high military command and the governor of Norte de Santander Department.

Colombia: Commander on Venezuelan Minister's Statements

PA2105181196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 20 May 96

[Report by Carlos Gomez; from the "Midday Newscast"]

[FBIS Translated Text] Colombia today refuted statements given by Venezuelan authorities, particularly Defense Minister General Moises Orozco, who said that Colombia has no soldiers at the border.

General Jaime Cortes Parada, commander of the 16th Army Brigade, which has its headquarters in Yopal and is in charge of special surveillance operations at the border between the two countries, said Venezuelan authorities do not need to know how many soldiers we have in our sector, but we are watching and controlling the border.

[Begin recording] [Cortes] I am quite pleased to tell you that the situation at the border was calm over the weekend. No incidents occurred. We maintain permanent coordination with the operations unit located on the Venezuelan side; and we have coordinated all of the activities when they had a problem or when we had one so they may carry out their operations on the Venezuelan side or we do it on the Colombian side.

[Gomez] Does this mean the hot pursuit operation on which the Venezuelans insisted some time ago is not necessary?

[Cortes] No, the expression or term they are still trying to exploit never occurred. In other words, what we are carrying out are coordinated operations, meaning if we know about any situation we report it to them so they may carry out their operations on their territory and vice versa. When they know about something that may be taking place on our territory they notify us so we may do what is necessary on our side.

[Gomez] General, why did the defense minister claim he did not find a single soldier from our country in Colombia's border area? He said he toured the area and found no one.

[Cortes] I do not really know why the Venezuelan defense minister said that because, as far as my zone is concerned, I have set up a surveillance, control, search, and patrol operation that allows me to quickly react in any area under my jurisdiction. I assure you I can handle any emergency situation in my zone and on my territory in less time than it takes any other troops.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Gomez] Gen. Jaime Humberto Cortes Parada, commander of the 16th Army Brigade, has just stated that the Armed Forces General Command and Army Command guidelines are being followed in connection with actions that should be carried out by military authorities at the Venezualan border.

Colombia: Envoy Says Venezuela Violates Human Rights

PA2105021096 Santa Fe de Bogota EL TIEMPO in Spanish 18 May 96

[Article by Maria Victoria Cristancho — received via Internet]

[FBIS Translated Text] After reviewing the reports of 15 Colombian consuls accredited in Venezuela, Colombian Ambassador to Venezuela Guillermo Gonzalez Mosquera has charged that Venezuelan authorities have violated the human rights of Colombians residing in Venezuela.

Gonzalez Mosquera said that a complaint will be sent to the Venezuelan Foreign Relation Ministry to seek an investigation into treatment by security forces of Colombians residing in the country.

"It has been proven that some authorities are denying the registration of children born in Venezuela of Colombian parents, alleging that one of the two parents is an illegal alien. This is a violation of all international agreements regarding children," Gonzalez Mosquera stated.

The diplomat pointed out that this complaint will be made to the Venezuelan Government so that a solution to this situation can be reached in those cases in which these rights have been denied.

According to Gonzalez Mosquera, another aspect that the government should investigate is the condition of Colombian illegal aliens who before deportation from Venezuela are imprisoned in places that are normally set aside for common criminals, thus exposing them to serious danger.

He has pointed out that it is troubling to see that the elderly and children, the most vulnerable groups in society, are hurting the most from these irregular practices of the Venezuelan police authorities.

"The fact that a person has no identification papers cannot be synonymous to committing a crime," the Colombian diplomat has indicated. He has assured that this matter is linked to the problem of corruption and the "kickbacks" that officials from the Directorate of Identification and Alien Affairs (Diex) are charging to process papers for Colombian citizens.

Gonzalez Mosquera has also pointed out the situation of Colombians who are being held in Venezuelan prisons, where living conditions are shameful. "The consuls have discovered that Venezuelan prison conditions do not meet human rights standards, and that has to be corrected," he said.

He has added that Colombians are more likely to experience human rights violations in Caracas and the border states of Zulia, Apure, and Barinas.

Ambassador Gonzalez Mosquera, who gave a speech on diplomatic relations with Venezuela at the Institute of Higher Studies for National Defense (Iaeden), caught everyone's attention because of a general lack of knowledge about Colombia in Venezuela.

"I have discovered during my two-month stay in Caracas that the Venezuelan people know little about Colombia. You see a lot of superficialy informed people and, primarily, many biased attitudes," Gonzalez Mosquera said. He added that he has proposed that the Central University of Venezuela, Andres Bello Catholic University, and the Institute of Higher Education for Administration (IESA) teach specialized courses on Colombia to train people as "Colombia experts," which would benefit bilateral relations.

The ambassador noted that a similar situation also exists in Colombia where Venezuelan matters are handled quite superficially. It is, therefore, important to try to become more knowledgeable.

Colombia: Interior Minister Interviewed on Ruling

PA2205194796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 22 May 96

[Telephone interview with Interior Minister Horacio Serpa Uribe by news director Dario Arizmendi and reporters Javier Ayala and Judith Sarmiento in Santa Fe de Bogota and Diana Montoya in Miami; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] Today, we are following on the scoop disclosed by Caracol yesterday afternoon on the decision submitted to the Supreme Court of Justice by the prosecutors' unit to admonish and ensure of the whereabouts of the three ministers implicated in the so-called Case 8000: Interior Minister Horacio Serpa Uribe; Foreign Minister Rodrigo Pardo; and Communications Minister Juan Manuel Turbay. The three ministers were sentenced to the following precautionary measure: that they would come to the Prosecutor General's Office periodically if required. Good morning Interior Minister Horacio Serpa Uribe.

[Serpa] Good morning.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Arizmendi] What did you do yesterday?

[Serpa] I worked at the office until late and after that, I went home.

[Arizmendi] To celebrate?

[Serpa] No [chuckles]. I went home to rest.

[Arizmendi] Were you expecting a decision such as the one unexpectedly adopted by the prosecutors' unit?

[Serpa] I was quite calm. The truth is that given all the rumors and circumstances, I was ready for anything. I knew that if the case was examined in an objective and rational manner, the outcome would have to be favorable. I had frequent talks with my lawyer in this regard. I had directly examined the procedural circumstances and the penal codes. I had talked to my colleagues on this matter. However, I heard so many things last week. The waiting was terrible.

[Arizmendi] Of all the rumors that reached you through various channels, which affected you the most?

[Serpa] Last Wednesday, there was a rumor that I had been arrested. I talked to so many people on the telephone about what I was hearing in the media [words indistinct] this is what will happen. I was practically prepared to face an arrest.

[Arizmendi] Do you believe that President Samper's scolding, let's call it that, of the Prosecutor General last week exempting the three of you publicly might have motivated the clash with Prosecutor General Alfonso Valdivieso?

[Serpa] I do not think so. What I think is that the case was assessed rationally. I have not read the ruling; I will read it today to get a better understanding of the evaluation by the Prosecutor General. Subsequently, I will have a much clearer idea of the way in which the organization tasked with the investigation reached its decision. However, I do not believe that last week's events influenced this decision.

[Arizmendi] A report published by EL TIEMPO on Sunday got our attention as it contained a statement by you praising Jaime Camacho, the prosecutor responsible for your case and those of the other two ministers. You said that you had confidence in Camacho's sense of justice because he belonged to the Democratic Left. What did you mean by that?

[Serpa] I was referring to the assistant prosecutor. I said that I believe the assistant prosecutor had many fine qualities: he was a just person who embraced his ideas with conviction. I said that I had a high opinion of him because of his leftist democratic leanings, despite that his total lack of control whenever the media was involved. I even mentioned an interview published by CROMOS magazine last week.

[Arizmendi] Yes.

[Serpa] Since I was questioned, I thought the prosecutor assigned to the case was very professional and I said so. Moreover, since I have been in charge of criminal investigations myself, I realized that he commands the art of questioning because conducting inquiries requires a very special skill. Thus, I admired this person from the beginning.

[Arizmendi] Do you believe Prosecutor General Alfonso Valdivieso Sarmiento fully respected the decision by Jaime Camacho, the prosecutor assigned to the case?

[Serpa] I am not aware of how this situation was handled. There is a detail here: Operationally, although some prosecutors come under the jurisdiction of the Prosecutor General's Office, their decisions are autonomous. However, the person who is truly responsible for the investigations against the ministers is the prosecutor general. The prosecutors' unit at the Supreme Court operates in compliance with instructions given by the prosecutor general. Hence, I do not know whether or not they shared views or made a joint assessment of this case.

[Arizmendi] We learned that last night or yesterday afternoon, Prosecutor General Alfonso Valdivieso spoke to the president of the Republic?

[Serpa] I do not know. I have no information in this regard.

[Arizmendi] How did the president react when you told him about the decision conveyed to you by your lawyer?

[Serpa] He was pleased and satisfied. We agreed that we would meet in his office immediately. We had reached an agreement in this regard earlier on.

[Arizmendi] What agreement?

[Serpa] The ministers agreed that as soon as we learned of any decision, we would meet with the president to talk about the future.

[Arizmendi] Regardless of what the ruling pronounced by the Prosecutor General's Office turned out to be?

[Serpa] This is correct. Whatever the decision, the three of us would immediately meet with the president.

[Arizmendi] Given the limitations of the measure in the sense that it compels you to notify the Prosecutor General's Office whenever you want to travel abroad, has anyone ever considered accepting the resignation of the foreign minister?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Serpa] By no means. Among other things, because this is only a formality. It is simply notifying the Prosecutor General so that he will know where we are at a given time; it has nothing to do with our duties.

[Arizmendi] In your opinion, what is the legal and political significance of this ruling adopted by the prosecutors' unit against the three of you?

[Serpa] First of all, the investigation will continue. Second, we, the ministers, continue to await a definite ruling, but we have been in this position since we were summoned for questioning. There is a circumstance worth mentioning here: we were questioned with regard to different charges, namely, illegal enrichment, fraud, deceit, swindling and others. Finally, the ruling adopted was to pronounce a precautionary measure, the mildest of all the possible sentences for charges of covering up actions dealing with illegal enrichment. This will indeed keep us tied up to the case. There is still much ground to cover with regard to the investigation. However, there is quite a stretch between the possibility of going to jail and just being admonished, and this is a circumstance worth stressing.

[Sarmiento] Isn't being admonished tantamount to being reprimanded? Considering that you praised Prosecutor Camacho's legal expertise, let us stress some of the points of the ruling adopted yesterday. Did illegal funds enter the campaign? If they did and somehow you were aware of this and did not say a word, the reason why you have been accused of covering up criminal actions, whom were you covering up for? If this is not true and you did not cover up anything, how do you plan to refute this charge?

[Serpa] One can acknowledge the professional skill of an official as I have obviously done. This does not mean, however, that I necessarily agree with the evaluations made by the official in question. Our position is that we have not committed any crime: we have not covered up anyone's illegal actions. We never conducted ourselves with the intention of hiding any crime, because simply, we were never aware that a crime was being committed during President Samper's campaign. This is what we want to prove soon. This is the reason why we are so aware of what I just mentioned: we continue to await for a definite ruling. We still believe, however, because we know what we did that we are honorable and law-abiding citizens. We will try to provide a lot of evidence; we will insist on our position; and we will try to get to the truth of this matter.

[Ayala] As a clarification to the public, the charge of cover-up implies that you allegedly covered up actions by the president, who is allegedly guilty of illegal enrichment. Is this right?

[Serpa] I am not certain about this because I do not know the content of the ruling. I have to study it thoroughly. However, it is needless to say that we have never covered up the president's actions, because he has always acted in a very honest way and in keeping with the laws and ethical principles, not only in this campaign, but in all the [word indistinct]. We know President Samper perfectly well and we are certain that he has not perpetrated any crime.

[Arizmendi] Here is Diana Montoya, of Caracol-Miami.

[Montoya] Good morning. After the many meetings that you, Turbay and Pardo held, in which you talked about the possibility of going to jail, as well as all the brouhaha about your fate and all the possible outcomes, you three met yesterday to talk about a different news. Would you tell about this meeting? Did you embrace each other? What did you tell each other?

[Serpa] Yes. Definitely, there was a very tense atmosphere and everyone had his own view, conjectures and so on. Yesterday, we were rather calm, happy and pleased. We were also laughing. The first person I saw at the Narino Palace was Juan Manuel Turbay; we gave each other a friendly embrace. Later, Pardo arrived and we had a similar show of affection. Subsequently, we spoke with President Samper, with whom we also shared our happiness. Although we were calm at the beginning, it was definitely a relief to learn that the ruling was an admonishment given the serious nature of the other possible sentences. We felt much better, to put it this way.

[Arizmendi] Did you remember former Minister Fernando Botero when you received the news acquitting you from the other charges? Let's recall that Fernando Botero accused you.

[Serpa] When one analyzes the situation, one remembers those circumstances. In the wake of the ruling by the Prosecutor General's Office, what we want to bear in mind is that we must provide a lot of evidence to submit to the organization responsible for the investigation in order to establish our innocence once and for all.

Colombia: Communications Minister Interviewed

PA2205203296 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 22 May 96

[Telephone interview with Communications Minister Juan Manuel Turbay by news director Dario Arizmendi and reporters Edgar Artunduaga and Judith Sarmiento — live]

[FBIS Translated Text] [Arizmendi] We greet Communications Minister Juan Manuel Turbay. Good morning, Mr. Minister.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Turbay] Good morning, Dario.

[Arizmendi] How did you sleep last night?

[Turbay] Very calmly; I was able to go to sleep rapidly following this decision.

[Arizmendi] How did you spend the other nights? Were you restless, worried over the decision the Prosecutor's Unit had to make?

[Turbay] Of course, Dario. I felt a bit tense and had to take melatonin [melatonina] to go to sleep.

[Arizmendi] How comfortable is it to remain in the president's cabinet despite having, pending over you head and the heads of your two colleagues, a precautionary measure with an admonishment, and having to make periodic appearances over the alleged cover-up of an alleged illegal enrichment?

[Turbay] I will of course accompany President Samper just as I have been doing, in my case, for the past 25 years. It feels very comfortable and satisfying to be able to follow him. We have of course [to obey] this decision by the Prosecutor General's Office. But we must remember where we came from, we were charged with five crimes. Right now we have to prove that the least serious of them was not committed by us through the delivery of testimonies and certifications of how things developed. Additionally, we need to show that the Prosecutor General's Office, even before the administration took office, was studying the possible infiltration of [drug trafficking] monies into the campaign. We have, therefore, not covered anything up.

[Arizmendi] Having overcome most of the problems to do with your legal and political case, do the reasons that forced you to request the president to relieve you, a gesture that was publicly applauded, of all responsibility in connection with the case of FM and community radio stations bids [continue to exist]? This permitted him to appoint an ad-hoc minister: Development Minister Rodrigo Marin.

[Turbay] Of course, Dario, we need to await the Council of State decision. As you know, the basic norm for bids for both commercial as well as well as community radio stations was suspended. We need to await and obey the justice system's decision. I believe this is an important decision for all possible bidders of community and commercial radio stations, because this gives certitude to the very act itself and of course, helps the government decide.

[Arizmendi] But will you continue separated from this bid process and will Dr. Rodrigo Marin continue handling this? Will you recover this task after the Prosecutor General's Office decided that you may fully exercise your post in the Communications Ministry?

[Turbay] The [bid] process is suspended, Dario. And it is also suspended in view of the decision by the Council of State. It is therefore not worth making any decision right now; I will, perhaps, once the Council of State makes a final decision on the suspension. We will then study the situation and analyze it with the president.

[Artunduaga] Mr. Minister, although it is true that you yourselves and some sectors of the public welcome the prosecutors' decision regarding you and the other two ministers, there are other sectors of public opinion who think otherwise. I heard, for example, Dr. Luis Guillermo Giraldo say that in any other country all of you would have resigned long ago. After all, you are being accused of the alleged crime of cover-up. What do you have to say to those critics who are still demanding your head and the heads of your colleagues?

[Turbay] Edgar, they will continue to demand my head anyway and they have asked for the president's head practically from the onset, practically before the beginning of his administration, because they are rivals in these events that are taking place in the country. Of course, all this is part of their scheme and strategy. What is important to settle in this case is that out of five much more serious crimes, only one is pending clarification because not even that one has been proven. It is only in the clarification stage and we are absolutely sure (?we can prove) this before the public because it is public knowledge that I never committed this cover-up crime.

[Sarmiento] From what has been learned from the decision of the Prosecutors' Unit at the Supreme Court, still pending investigation, as you say, is whether or not there was a cover-up and whether or not there was obstruction of justice by sending certain witnesses out of the country, presumably to hinder the case's progress. What can you say to those people who are worried that three ministers of state may have possibly covered up something and may have possibly hindered justice?

[Turbay] We never did that, Judith. We have shown how much we have cooperated with the justice system. This will be proven by the evidence and testimony of these same people who have already given their versions on most of the cases and cooperated with the Prosecutor General's Office when summoned. It will be demonstrated that the measures taken were part of the government's work and that at no time did they represent a cover-up or a clear strategy aimed at keeping anything secret. The president himself asked the Prosecutor General's Office to reopen the famous narcocassette case, which of course included the possibility of illegal money filtering into the campaign. He did this to find out who

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

was responsible for such a situation during the electoral process.

Colombia: Prosecutor General Views Samper's Statements

PA2305023296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 22 May 96

[Report by Gilberto Alvarado; from "The Latest News" newscast]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso this afternoon said that the case against Ministers Serpa, Pardo, and Turbay, who were the recipients of an admonishment, will continue because their conduct falls under the alleged offense of covering up illegal enrichment. In a discussion, which did not materialize here in the Senate, Prosecutor Valdivieso downplayed the criticism from those who said that the Prosecutor General's Office was intimidated by the statements President Ernesto Samper made last week.

[Begin recording] [Valdivieso] [words indistinct] will proceed to assess said offenses. This assessment will of course [words indistinct] if we indict them or the case precludes it. The corresponding sentence will be handed by a judge, in this case the Supreme Court of Justice.

[Unidentified reporter] [words indistinct]

[Valdivieso] As I have said, covering up is a criminal behavior that implies knowing about a crime [words indistinct] as the communique from the Prosecutor General's Office has said, has to do with the [words indistinct]

[Reporter] [words indistinct] the fact Botero and Medina are under arrest implies that they may have gotten money for themselves.

[Valdivieso] That is an assessment corresponding to a different [words indistinct] of course, an assessment prosecutors have accepted, according to the [words indistinct] and their case files. I, therefore, believe that in their case, the precautionary measure did merit the preventive arrest, insofar as this involved offenses different from those attributed to the three ministers, in this specific case at least, illegal enrichment.

[Reporter] [words indistinct] unanimity within the Prosecutor General's Office staff, including the prosecutor general, deputy prosecutor general, prosecutor's offices director...

[Valdivieso, interrupting] The decision was adopted by the prosecutor handling the case.

[Reporter] Is it true that this decision was made at the Prosecutor General's Office? Is it true that while Dr. Camacho...

[Valdivieso, interrupting] [words indistinct] would be as speculative as saying that last Wednesday we had convened a news conference at 1700 to announce the imprisonment of the interior minister or as saying that I was going to Cartagena to make the public announcement in a forum. That is pure speculation.

The Prosecutor General's Office obviously respects the procedures. I tasked a prosecutor at the Supreme Court of Justice with the case, and he made the decision.

[Reporter] With all due respect, Mr. Prosecutor General, people on the street are saying that the ruling by the Prosecutor General's Office was foolish dribble and that, to some degree, you let yourself be pressured by the president's reprimand?

[Valdivieso] I believe that expression — which I have even heard from prominent political leaders, particularly from the Conservative Party — is disrespectful and an inaccurate protrayal of the position of the Prosecutor General's Office. [words indistinct] is that the Prosecutor General's Office acts in a free and independent manner. It does not yield to pressure. Consequently, it is absurd to believe that in this case [words indistinct] could occur, as a result of the president's remarks about the Prosecutor General's Office last week. This caused [words indistinct] on my part [words indistinct] president should accept [words indistinct] in no way accept the remarks by the president. [words indistinct] would be confirming that the president was right. [end recording]

These were the remarks by Prosecutor General Alfonso Valdivieso, who was speaking before the Senate plenum. He stated that the ministers [passage indistinct] Ministers Serpa, Pardo, and Turbay.

Colombia: Officials, Businessmen React to Court Ruling

PA2205184796 Santa Fe de Bogota Radio Cadena Nacional in Spanish at 2247 GMT 21 May 96

[FBIS Summary] Lawmakers, leaders, and businessmen have reacted to the Prosecutor General's Office order regarding the ministers of communications, interior, and foreign relations.

Senate President Julio Cesar Guerra Tulena stated: "I am not aware of anything. But I want to remind the audience that judicial rulings must be respected. One may even disagree with judicial rulings, many people say they should not be challenged, but they must be respected."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

This report adds that Chamber of Representative President Rodrigo Rivera Salazar explained that he respects the decision of the prosecutors unit at the Supreme Court of Justice. Rivera Salazar said "just as I respected and observed the decision from the Council of State, I believe the decision from the Prosecutor General's Office should be respected and observed." He further says that judges should not be questioned over the outcome of the decision.

Senator Luis Guillermo Giraldo Hurtado, a member of the Liberal Party National Directorate said: "I am glad for them because no one likes to see himself, much less a minister, deprived of his freedom. They will be able to defend themselves like any other citizen. But I believe there are still political reasons that make them unfit to remain in office.

Jaime Arias Ramirez, president of the National Directorate of the Conservative Party, wondered if the president's scolding of the prosecutor general last week had anything to do with this. He then adds: "I wonder what will be the effects of this ruling on the vote at the Chamber." He recognized that this ruling gives a "break" to President Samper.

Meanwhile, Conservative Party Senator Juan Camilo Restrepo stated that the three ministers should resign their posts.

Luis Alejandro Pedraza, representative of The United Workers Federation, stressed that the ruling had been good news for the country because "it had brought credibility to the Colombian justice system." He added that the ministers insistently reiterated their innocence and the ruling simply serves to reaffirm their position.

Dr. Emilio Lebolo Castellanos, chairman of the National Liberal Directorate (DNL), commented on the precautionary measures ruling against the three cabinet ministers: "We support it, and we anticipate that the process that now follows will establish their innocence." In response to the question on whether the ruling will bolster confidence abroad in the Colombian justice system, he added that: "This is all part of the general confusion Colombians are experiencing, and it is still a complicated and difficult situation."

The Association of Colombian Farmers (SAC) expressed its support for the ruling. SAC President Juan Manuel Ospino commented that: "What we now have to do is support the measure to its full extent." The ruling, Ospino added, had brought some confidence in the Colombian justice system.

Yolima Espinosa Vera, El Valle representative to the Chamber of Congress, stressed that the precautionary measures ruling points to the claim of the three ministers that they are not guilty of any wrongdoing.

Conservative Party Congressman Pablo Victoria indicated that: "the ruling has a political scent." He compared the Colombian justice system to a tailor's shop where suits are made to fit the individual. As an example, he pointed to the status of former Minister Fernando Botero who is still in jail, while Interior Minister Horacio Serpa is receiving special dispensation. Congressman Victoria argues that: "To a certain extent, the decision is a violation of the principles of equality stipulated by the Constitution and the law."

Gustavo Londono, president of the Colombian Federation of Metal Industries (Fedemetal), stated that: "The main issue at this point is not the opinion held by the international community, but what we Colombians are now required to do in order to regain confidence in our own justice system." According to the Fedemetal president: "What we now have to do is support the justice system so that it can rule without interferences."

Cesar Gonzalez Munoz, president of the Colombian Banking Association, remarked that the Prosecutor's Office ruling must be respected and supported. The banking association president indicated that the ruling must have been analyzed carefully before being announced, and that: "hopefully, it will serve to benefit the justice system."

Colombia: Representatives Said To Favor Samper's Acquittal

PA2205155696 Madrid EFE in Spanish 2024 GMT 19 May 96

[FBIS Translated Text] Santa Fe de Bogota, 19 May (EFE) — A large majority of the 165 members of the Colombian Chamber of Representatives, which will have to ascertain in a plenary session President Ernesto Samper's responsibility in the so-called "narcoscandal," have chosen to acquit the president.

A poll published today by EL PAIS, a newspaper of the southeastern city of Cali, shows that 110 to 120 congressmen believe that there is no evidence to justify filing an eventual accusation against the president before the Senate.

This week, the Chamber of Representatives will hold a plenary session to debate matters in preparation for the trial against Samper, slated to begin in less than 15 days. Most of the members of the Chamber of Representatives belong to the Liberal Party, the ruling party.

Ninety-two Liberal congressmen, 58 Conservative congressmen and 15 congressmen who belong to small po-

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

litical parties constitute this legislative body. The Conservative Party withdrew its support from Samper and stated its open opposition to him in the wake of the current crisis.

The poll indicates that 30 to 40 representatives favor accusing President Samper, while 10 do not know clearly what their vote regarding the case will be.

In interviews with the congressmen, EL PAIS established that it is the majority opinion that "there is no compelling evidence to ascertain that President Samper is guilty of illegal enrichment, electoral fraud, or forgery of public documents."

President Samper was accused of these charges in addition to the charge of covering up illegal actions by Prosecutor General Alfonso Valdivieso. In mid-February, Valdivieso submitted the criminal complaint to the Accusations Committee of the Chamber of Representatives.

This week, three members of this organization tasked with investigating President Samper are scheduled to present the plenum of the committee with a revolution on Samper's conduct regarding the accusations that he won the presidency thanks to a huge contribution by the drug traffickers.

According to the same poll, the criminal charge of cover-up and a possible political accusation for indignity might represent difficulties for the president.

The press report says that of the 92 Liberal congressmen who make up the Chamber of Representatives, no more than 15 would be willing to digress from the majority opinion in favor of Samper.

In the meantime, between [words indistinct] 40 of the 58 Conservative congressmen favor the decision to acquit the president, while 18 to 23 favor accusing him.

Most members of the political minorities and the independent congressmen also favor the president's acquittal.

Ten of the 15 representatives of this group support Samper while the other five oppose him.

The newspaper emphasizes that these trends might change, but not dramatically, because of "last-minute government favors (to the congressmen), party solidarity, and different types of [word indistinct]."

This last factor might include threats against the congressmen, particularly the members of the Accusations Committee, to vote in favor or against President Samper.

Colombia: Governor Confirms Meeting on Public Order

PA2205202696 Santa Fe de Bogota EL TIEMPO in Spanish 22 May 96

[Received via Internet]

[FBIS Translated Text] Cucuta — Norte de Santander Governor Sergio Entrena Lopez has downplayed the significance of the statement made by Venezuelan Defense Minister Moises Orozco Graterol this weekend on the alleged attacks by the ELN [Army of National Liberation] on Venezuelan military posts.

Today, the governor confirmed that a security meeting will be held to analyze the public order situation in this region of the country. Defense Minister Juan Carlos Esguerra Portocarrero will preside over it.

Armed Forces Commander Admiral Holdan Delgado and Police Director General Rosso Jose Serrano Cadena will also attend the meeting.

The governor said that the border situation is not as delicate as noted by the Venezuelan defense minister and that, in general, the activities are taking place as usual.

Eloy Quintero Romero, Colombian consul to Maracaibo (Venezuela), also voiced his opinion. Quintero noted that the Venezuelan Government has been worried over the constant guerrilla attacks, but the situation registered over the weekend is not that alarming.

The call for maximum alert from the Venezuelan authorities was prompted by two presumed incursions by the ELN on Saturday and Sunday on the Venezuelan military bases of Socuavo, in Tachira, and Cararabo, in Apure, located in the area bordering Vichada Department (Colombia).

Venezuelan sources from the Headquarters of the Eleazar Lopez Contreras Battalion, stationed in San Cristobal, and the National Guard, stationed in San Antonio, indicated that until yesterday, they had not been officially notified about the call to maximum alert.

Fidel Sanchez, political director of Tachira State (Venezuela), described as serious the situation at the border and said that thus far this year, 10 abductions of ranchers by alleged Colombian guerrillas have taken place in his state.

Last week, terrorist acts were denounced in the town of El Pinal (Tachira), where a leaflet bomb by a group called Authentic Rebels of Colombia blew up. On Friday, another bomb reportedly exploded in the municipality of La Victoria (Apure), while the attacks on the bases of Socuavo and Cararabo, with clashes

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

of nearly 10 minutes, were reported on Saturday and Sunday. These clashes left no casualties.

Colombia: Samper Announces Bid for Canal in Uraba

PA2305002896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2225 GMT 22 May 96

[Report by Gilbert Vega and Luz Miriam Quintero]

[FBIS Translated Text] Fusagasuga — Pay attention. President Ernesto Samper Pizano has just announced an international bid for the construction of an interoceanic canal in the agroindustrial region of Uraba. The head of state indicated that this was a proposal made during the administration of [former President] Virgilio Barco Vargas, adding that Barco was right in making this suggestion to help build an area of peace in that part of Colombian territory.

President Samper has remarked that this would become the best peaceful solution in that strife-torn area of our country.

Samper made this official announcement at the end of the social rural summit, here in Fusagasuga Municipality, Cundinamarca Department.

[Begin Samper recording] For more than 10 years, the country has been talking about the need to establish interoceanic communication. The latest study that was conducted 10 years ago indicated various alternatives. I believe it established 25 different possibilities, combining land and river areas. There is a law that establishes the legal grounds to create a commission and advance in the international bidding for the interoceanic canal. At this time the cost [words indistinct] approximately $1.6 billion. [Words indistinct] I don't have the figure, but it may have gone up.

We would carry out this project through an international concession. Considering the alternatives, it has been estimated that construction may last between six and eight years. [end recording]

The president also explained that the terms for this bidding will be defined by a commission created for that purpose. He added that the bid will be officially announced when the terms have been established on 1 January. The president stressed that this project will include the establishment of a national park that will encompass the 300,000 hectares of the Los Katios National Park and the 700,000 hectares of the Darien mountain range.

The president said that the 25 legislative studies that existed to build a canal joining the Atlantic and Pacific Oceans will be resurrected. He insisted that this is the only way to establish greater sovereignty over the conflict-ridden area of Uraba, Antioquia Department, and Choco Department. Samper also stressed that the construction will be granted to the company that wins the bidding. He insisted that the resources will be obtained from the international bidders.

Colombia: General Says Army To Receive New Soldiers

PA2305035096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 21 May 96

[From "The Midday Newscast"]

[FBIS Translated Text] Beginning today, the Colombian Army will receive 11,558 new soldiers. These soldiers are members of the second contingent that was created in 1996, according to what Brigadier General Gabriel Fernando Chemas Bernal told Emisoras Caracol.

The high-ranking officer stated that these 11,558 new soldiers will be assigned to different military garrisons across the country.

Those who do not appear today, 21 May, to the different military units across the country will be declared draft dodgers and be punished in accordance with the law, Gen. Fernando Chemaz Bernal concluded.

Colombia: Commander Defends Military Measures in Guaviare

PA2105044696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 19 May 96

[From "The Midday Newscast"]

[FBIS Translated Text] Villavicencio — Brigadier General Alfonso Arteaga Arteaga, 4th Army Division commander, has defended the military measures to counter drug trafficking and rebel groups in Miraflores, Guaviare Department, and has affirmed that these decisions can only upset those who act outside the law, not (?decent) people. He submitted a report on the normal situation in Miraflores. This is what he had do say with regard to the comments by Guaviare Governor Eduardo Flores Espinosa, who dissented with some of the harsh measures, and Miraflores Mayor Ricardo Perez, who said a military dictatorship had been installed.

[Begin Arteaga recording] This is not really a military dictatorship but measures the government has adopted for some cases and areas of the country, which will be implemented or lifted depending on the existing situation. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Colombia: Air Force Uses 'Tridimensional' Military Radar

PA2005142496 Santa Fe de Bogota EL TIEMPO in Spanish 18 May 96

[Received via Internet]

[FBIS Translated Text] Eastern Colombia, one of the country's border areas where drug trafficking and subversion have a stronghold, has new "eyes" watching it as of yesterday.

In compliance with the cooperation agreement between the governments of Colombia and the United States on the struggle against drug trafficking, the Colombian Air Force began the operation of a new tridimensional military radar of the TPS-43 type that is considered "forefront technology."

The structure, located in Marandua, Vichada, and donated by the U.S. Government, has a range of 200 nautical miles and an altitude range of between 1 to 100,000 feet. Military personnel will operate it, but the U.S. Air Force will be responsible for maintaining it, Major General Hector Hernando Gil Nieto, Colombian Air Force commander, announced, adding that the new radar, the country's fifth, is described as tactical. In other words, it will be used exclusively for military operations.

Furthermore, the new tracking structure also has an optimum meteorological scanner that will provide weather information to all military aircraft on area missions.

According to Gil, the Marandua radar will be guarded by both Air Force and National Army personnel and will operate from installations of the Eastern Area Group [Grupo Aereo del Oriente] located in Vichada.

"The Colombian Air Force is pleased with the operation of this equipment, which is a valuable contribution for air control in this border zone in addition to being an important offensive component against drug trafficking, " the officer said, adding that the radar will be useful for air support operations for ground forces deployed in the Eastern Specific Command [Comando Especifico del Oriente].

Gil also said the radar will operate so the command itself can step up regional development programs to invigorate the border zone, have a presence, and affirm sovereignty through tactical air support of Colombian Air Force airplanes and helicopters.

The new equipment will complement the task the four other radars installed in Riohacha, San Andres, Araracuara (Caqueta), and Leticia are carrying out.

Ecuador

Ecuador: OAS Observer on Election Irregularities

PY2305035596 Madrid EFE in Spanish 2116 GMT 22 May 96

[FBIS Translated Text] Quito, 22 May (EFE) — Diego Paz, coordinator of the OAS Electoral Observation Mission in Ecuador, has said that irregularities detected on 19 May, election day, in Ecuador were isolated and do not affect the voting results.

Paz told EFE that "some difficulties were detected at the beginning of the voting process related to the constitution of the voting station boards and the distribution of material, but we had also observed that the electoral organization tried to correct most of those problems."

Paz, who is the main expert of the OAS Unit for the Promotion of Democracy headquartered in Washington, said: "They were isolated situations because under no circumstances can we say that they represent a generalized case" of irregularities, and they "do not affect the final result."

Several candidates have reported irregularities in the electoral process on Sunday, especially concerning the lack of ballots to vote for some candidates, or the changing of candidates' names or photographs. The Social Christian Party (PSC) said that it will file criminal charges against Supreme Electoral Board (TSE) President Carlos Pardo.

TSE officials have acknowledged that at the beginning the voting process was suspended in three localities, although, according to Carlos Pardo, the failures have been exaggerated.

The OAS mission, which has not yet prepared the final report on the elections, was comprised of 51 observers, among them 20 experts in electoral organization from Argentina, Chile, and Colombia, and volunteers from, among others, Bolivia, Brazil, Uruguay, the United States, Panama, Canada, Korea, and France.

In addition to overseeing the process, the OAS mission oversaw the closing of the ballot boxes and now they are supervising the tally to then prepare a "technical report with suggestions to keep adjusting the organization to face the runoff" of the presidential elections, which will take place on 7 July.

For the runoff, the OAS proposes "increasing communications among the different electoral boards for better coordination in the organization and in providing logistical support," and suggests that "the parties name their delegates well in advance in order to be more aware of the details with regard to the functioning of the process."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Last Sunday Ecuadoreans elected deputies and provincial and local officials from among more than 19,000 candidates, while the election of their president, between Social Christian Party candidate Jaime Nebot and populist Abdala Bucaram, will have to be decided in a runoff.

Ecuador: Political Parties Define Positions for Runoff

PY2205213796 Madrid EFE in Spanish
1713 GMT 22 May 96

[Report by Susana Madera]

[FBIS Translated Text] Quito, 22 May (EFE) — Ecuadoran political parties are establishing their positions ready for the runoff to elect the successor of President Sixto Duran-Ballen. The candidates are Jaime Nebot and populist Abdala Bucaram.

Nebot, of the Social Christian Party (PSC); and Bucaram, of the Ecuadoran Roldosist Party (PRE), began intensive contacts with political forces as soon as they learned the unofficial results of the 19-May elections when provincial and municipal officials were also elected.

Both candidates are focusing their campaigns for the 7 July runoff in the Ecuadoran mountains, where the votes were split on 19 May among candidates of the center-left.

Among the nine original presidential hopefuls, Nebot and Bucaram were the most voted candidates with 27.4 and 25.5 percent of the votes, respectively, according to authorized unofficial sources. They have won the right to participate in a runoff.

"Political coalition" is the objective of the candidate who will succeed Duran-Ballen by attracting the votes of the mountain people, who will be decisive in electing the president to lead Ecuador into the 21st century.

Rosalia Arteaga, PRE candidate for the vice presidency, is certain agreements will be reached. She said her party has contacted center-left organizations, but declined to say which.

Luis Villacis, campaign president of Juan Jose Castello, candidate for the Popular Democratic Movement (MPD, of the left), said his party will urge Ecuadorans to reject Nebot and Bucaram.

Villacis told EFE: "Both candidates represent corruption, misery, and deceit. We call upon the people to reject them, either by annulling their votes or by casting blank votes."

He said the two candidates who seek to succeed President Duran- Ballen "have deceived the people with oligarchical candidacies." He added: "The current option for Ecuadorans is between cancer or AIDS."

He said the two candidates demagogicaly display proposals of social order but in the end they will implement a neoliberal policy to privatize strategic areas of the economy.

Independent Jacinto Velazquez, who obtained 1.1 percent of the vote, has publicly stated that he will support the PSC candidate.

Velazquez said: "The people know Nebot and Bucaram very well. Both are popular leaders, and their acceptance was witnessed on 19 May through the votes they obtained. Thus, the decision now depends on the programs each has displayed."

Rodrigo Paz, candidate for the Popular Democracy Party (DP) who came fourth, revealed shortly after learning the results of the first round that he will comply with his "personal" commitment to support Bucaram, but made it clear that his party has not yet decided which candidate to support.

The Democratic Left (ID), which supported independent candidate Freddy Ehlers of the New Country Movement, is still analyzing the position his party will adopt for the runoff, although some leaders have said that "no way" will they support the PSC.

Ehlers, who came third with his slogan "To Build a New Country," said that for the time being he will not support the PRE or the PSC, because both represent the "old country," which must be changed.

Nevertheless, elected deputy Luis Macas, whose indigenous Pachakutic movement supported Ehlers, was more cautious and said he will not decide on the matter until 20 June.

Retired General Frank Vargas, candidate of the Ecuadoran Revolutionary Popular Action (APRE), who obtained 5 percent of the vote, ratified his "personal" support for Bucaram, although his party has not yet decided on the matter.

Independent candidate Ricardo Noboa has declared his neutrality in the runoff, and said that he will not support Nebot or Bucaram, who for the second and third time, respectively, seek the presidency of the Republic.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Paraguay

Paraguay: General Loyal to Oviedo Relieved of Position

PY2305034296 Asuncion RPC Television Network in Spanish 0000 GMT 23 May 96

[FBIS Translated Text] The Army continues to be purged of members loyal to former Army Commander General Lino Oviedo. General Santiago Zaracho, a steadfast supporter of Oviedo, was relieved of his position of commander of the 1st Army Corps.

The removal of the 1st Army Corps commander from office dealt a severe blow to Oviedo's supporters. Military Household Chief General Evaristo Gonzalez will replace Gen. Zaracho as 1st Army Corps commander. Although no official explanations were given for the president's decision to relieve Gen. Zaracho of his command, it is quite easy to imagine that the reason behind this decision is the disclosure of the speech the head of state delivered at the Cavalry Regiment headquarters. On that occasion, President Juan Carlos Wasmosy launched a vitriolic attack on Congress in the belief that it was a private meeting. Nevertheless, it is still not known how the president's address was leaked to the press. This obliged Wasmosy to publicly apologize for this to those whom some days before he had labeled as irresponsible, good-for-nothing, and coupists.

[Begin recording] [Armed Forces Spokesman Colonel Carlos Ovando] This is a decision made by the commander in chief of the Armed Forces pursuant to the powers conferred on him by Article 238, paragraph nine, of the Constitution. It is a prerogative of the commander in chief of the Armed Forces to make such a decision.

[First unidentified reporter] What will happen to Gen. Zaracho?

[Second unidentified reporter] Is he put at the disposal of the commander in chief of the Armed Forces?

[Ovando] That is right. [end recording]

With this change in the Armed Forces, one of the most important officers who supported Oviedo in his coup attempt was stripped of his command.

Paraguay: Obstruction of Suit Against Oviedo Denied

PY2305034196 Asuncion RPC Television Network in Spanish 0000 GMT 23 May 96

[FBIS Translated Text] The executive branch has issued a communique in which it contends that it is not seeking to obstruct the criminal action brought against [former Army Commander] General Lino Oviedo [retired] on insurrection and rebellion charges.

The Press Office of the Presidency states in its communique that the executive is determinedly resolute in its decision to abide by the Supreme Court's ruling on the jurisdiction controversy arising from the lawsuit against Gen. Oviedo. The communique makes it clear that it was General Fausto Facetti, Military Court chief justice, who requested the intervention of the Military Court in the Oviedo case. The communique further states that the inquiry being conducted by the Military Court is not aimed at hampering the pre-trial inquest ordered by a criminal court. In concluding, the communique says that the public must await with no unease whatsoever the outcome of the inquest, since it may rest assured that the executive branch will always support the institutions and the authorities of the three branches of government in keeping with the duties the Constitution imposes on the executive branch; namely, to observe and enforce the provisions of the Constitution and the laws of the Republic.

Paraguay: Civilian To Head Antinarcotics Directorate

PY2205191796 Asuncion NOTICIAS in Spanish 21 May 96 p 6

[FBIS Translated Text] According to General Jose Tomas Centurion on 20 May, during a news conference to announce that the military will no longer be involved in drug enforcement activities, as of next month the National Antinarcotics Directorate (Senad) will be headed by a civilian.

He disclosed, however, that there will still be military officers in the Special Commandos Forces [Fuerza Especial de Commandos].

Gen. Centurion pointed out that he will hand the Senad office over to a civilian, whose identity he still does not know because he does not have the Executive Branch decree. Later on he said that the person elected is Juan Dellavedora, as NOTICIAS disclosed a few days ago.

The Senad executive secretary said that a civilian will assume as head of this institution which is subject to the Presidency of the Republic, as was agreed to by the Paraguayan and U.S. Governments.

The early announcement made by Gen. Centurion that a civilian will take over "soon" was interpreted as a "warning" to the military that they might lose many posts following the exit of Gen. Lino Cesar Oviedo.

After the confirmation that Centurion was removed from his post as a result of an agreement between our country and the United States, he suggested that there had been "backstage deals" but that he knew nothing about them.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Centurion said that in 19 months under his administration a lot had been done by Senad against drug trafficking, especially against marijuana.

Regarding cocaine, he said: "One does what one can, but we need a lot of money, which we do not have, nor do we produce. Our country is used as a corridor and this is hard to prove.

Peru

Peru: Fujimori, Clinton Discuss Berenson Case

PY2305034596 Lima EXPRESO in Spanish 22 May 96 p A3

[Article by special correspondent Carlos Cabrera Oliva]

[FBIS Translated Text] Washington — On 21 May President Alberto Fujimori told President Bill Clinton that U.S. citizen Lori Berenson's trial was legal and fair, thus implicitly rejecting Clinton's request to allow her "an opportunity for a civilian trial."

Fujimori, who is on a six-day private visit to the United States, met for 25 minutes with Clinton in the Oval Office. They discussed the drug enforcement program, the peace process between Peru and Ecuador, and the Berenson case.

Shortly before Fujimori arrived at the White House, U.S. presidential spokesman Michael McCurry told the press that Clinton intended to ask Fujimori to give Berenson the opportunity to be tried by a civilian court.

Berenson, who is 26 years old, was sentenced to life imprisonment by a military court in March. She was captured in November 1995 along with terrorist Nancy Gilbonio Condo as they were "making an observation visit" to the Congress building. A group of MRTA [Tupac Amaru Revolutionary Movement] members was planning to seize the Congress building, but they were caught one day after Berenson's arrest.

Upon leaving the White House, Fujimori said he had explained to Clinton that the MRTA "is a terrorist group as bloody as the Shining Path," and that Berenson's trial was conducted "in compliance with the laws approved by the Peruvian Congress."

He said: "Berenson's lawyer lamented the fact that she herself claimed to be involved with the MRTA."

(During her presentation to the Peruvian and foreign press on 8 January, Berenson delivered a harangue in support of the activities of the MRTA, which she described as a "revolutionary group.")

Fujimori said: "We have recognized all her rights and we gave her all she needed for her defense."

Asked directly whether he had rejected Clinton's request, Fujimori said he had understood that Clinton only expressed interest in the development of the process.

White House assistant spokesman David Johnson explained that Clinton referred to the Berenson case only because he wanted to know whether she was given a fair trial, since he was worried because she was tried by a military court.

Johnson said: "He (President Clinton) had asked that the fair trial issue be reviewed because he was concerned over the fact that she was tried and sentenced by a military court."

Fujimori "replied by explaining the history of the MRTA and the difficulties Peru has encountered in trying to bring the terrorists under civilian courts. Johnson said: "Fujimori did not directly reply to the question of civilian court proceedings" for Lori Berenson.

Venezuela

Venezuela: Defense Minister Says 'Hot Pursuit' Necessary

PA2205141196 Caracas Venezolana de Television Network in Spanish 0230 GMT 22 May 96

[Report by Raisa Vargas]

[FBIS Translated Text] Defense Minister General Moises Orozco Graterol has ruled out the possibility that Venezuela will decree the closing of its borders. However, he said that the national government has emphasized to the Colombian authorities the importance of hot pursuit as a necessary measure to prevent the constant crimes taking place in the border area.

[Vargas] Defense Minister Gen. Orozco Graterol has maintained that the measure of hot pursuit is necessary because the criminals who swarm the border region are hiding in deserted stretches of the Colombian side, where there is no true military presence. This lack of military presence in this area has led to harassment, smuggling, and even the kidnapping and murdering of Venezuelan ranchers. In this regard, Gen. Orozco Graterol noted that Venezuela must demand more responsibility on the part of the Colombian authorities.

[Begin Gen. Orozco Graterol recording] I believe we must show more maturity in this regard. We have never considered the possibility of trespassing the border to seize territory or a portion of a neighboring country. I believe that it is necessary to approach this situation in a serious manner to avoid this constant harassment of Venezuelan nationals. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Vargas] Acting Foreign Minister Milos Alcalay supports the position of the Armed Forces to defend the sovereignty and security of our territory and urges the two countries to solve this problem.

[Begin Alcalay recording] It is not possible that rebel groups, be they guerrillas, drug traffickers, kidnappers or any other type of criminals, should be allowed to continue to affect our rights of sovereignty and custody. Therefore, I believe we must categorically support the actions of our Armed ForcesPand find a diplomatic and international means for the two nations to find a definitive solution to their problems. [end recording]

[Vargas] Milos Alcalay announced that the two Foreign Ministries are willing to find a solution to this situation and in the coming border meeting, slated for June, the Colombian and Venezuelan civilian and military authorities will add the finishing touches to the strategies.

Venezuela: Acting Minister Urges Solution to Border Issue

PA2205155596 Madrid EFE in Spanish 2322 GMT 20 May 96

[FBIS Translated Text] Caracas, 20 May (EFE) — The Venezuelan Government wants to establish "specific and clear" solutions to prevent armed incursions by Colombian guerrillas into its territory, acting Foreign Minister Milos Alcalay has said.

The official pointed out that the June binational summit to discuss mutual border problems will be the ideal occasion to determine those solutions.

Alcalay's statement was related to a "confidential document" leaked to the C?racas media. This document, which was presumably drafted by the military, calls for the negotiation of an agreement with Colombia that would allow for "hot pursuits" beyond the border against guerrillas who attack Venezuelan posts.

"The Foreign Ministry has not received any official document on the matter, and therefore, I cannot make any remarks. We, however, support the actions taken by the Armed Forces," said Alcalay.

When referring to the "hot pursuits", the acting minister pointed out that "it is a complex subject that must consider international law as well as the Constitution of both countries."

Alcalay added that "nonetheless, we must find a definite solution to the constant harassment of Venezuelan territory that is certainly generating unnecessary tension."

The latest skirmish between Colombian guerrillas and the Venezuelan military took place last weekend at the Carabobo post, where eight marines died in February 1995 in another attack.

Venezuela: Minister Presents Foreign Debt Finance Program

PA2205142896 Caracas Venezolana de Television Network in Spanish 0230 GMT 22 May 96

[Report by anchor William Bracamonte and journalist Milensky Oropeza in Caracas]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar presented to the Chamber of Deputies' Finance Committee a program to finance and revise the nation's debt, so its net balance does not exceed 1 percent of the GDP this year.

Regarding the financing of free markets [mercados voluntarios], such as investment banks and private banks, it includes the approval of a $500-million credit by Congress. The rest will come from the privatization process and multilateral sources.

Matos Azocar also proposed the approval of a fund to rescue the debt and the use of a $300-million trusteeship to cancel $95-million worth of matured debt with the Paris Club and part of the domestic debt.

[Begin Matos recording] This fund is being studied in case some problem arises between debtors and their respective banks due to the macroeconomic stabilization measures. In other words, this involves various opinions to guarantee that nothing will happen in the finance sector because there are funds to counter any risk. [end recording]

However, Finance Committee Chairman Gustavo Tarre Briceno says the economy minister's proposal involves areas of the debt that cannot be affected, including labor liabilities. Tarre Briceno warned Matos that his party, Copei [Social Christian Party], will not support the approval of additional credits until a program to reorganize the state is submitted.

[Begin Tarre recording] To date, the so-called Venezuela Agenda basically emphasizes fiscal issues, meaning revenues, rather than expenses. We think it is important to reorganize the state — both dealing with the privatization sector and a reduction of the state's size, as far as public functions are concerned. [end recording]

Matos Azocar also asked the Chamber of Deputies' Finance Committee to approve a $1.6 billion finance law, destined for the implementation of the country's social programs, refurbishing the metropolitan aqueduct, and purchasing materials for the country's defense.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Suriname

Suriname: President's Prospects as Candidate Viewed

BR2205153396 Rotterdam ALGEMEEN DAGBLAD in Dutch 22 May 96 p 6

[Article by Wilco Boom: "Venetiaan Still Not a Candidate"]

[FBIS Translated Text] Paramaribo — It is not certain that President Venetiaan will once again be head of state, even if the present governing parties of the New Front (NF) can remain in power following tomorrow's [23 May] parliamentary elections.

Venetiaan certainly aspires to a second term, but the four parties of the NF have not yet decided on the candidate, Venetiaan said yesterday at a press conference in Paramaribo: "But if the NF is in a position to appoint the president and the NPS [Suriname National Party] (the Creole party within the NF of which Venetiaan is chairman, ed.) presents the candidate, then I am available."

It is significant that the NF has still not confirmed a candidate just two days before the elections; Venetiaan was presented as a candidate two days before the elections five years ago. Observers in Paramaribo assume that the choice of presidential candidate is the subject of "horse trading" between the four NF parties, in which the outcome of the elections plays a major role. The parties may be presenting a united front at the elections, but the preference votes nevertheless allow them to claim different scores.

Venetiaan yesterday left open the question as to whether the respective balances of power will play a role in the choice of a presidential candidate: "I am not aware of this. We are also not saying that a small party will get just one ministerial post. The partners within the NF must be able to participate in the work." But he issued a veiled warning to the largest party in the NF, the Hindustani VHP [United Hindustan Party], not to ask too much in the negotiations on the presidential candidacy: "Even when the NPS was considerably larger than the VHP, the NPS cooperated with the appointment of a chairman of the National Assembly." This was a reference to VHP leader Lachmon who has been the chairman of the Surinamese Parliament for many years.

The NF's principal opponent, former Army chief Bouterse's National Democratic Party (NDP) has also yet to formally announce a presidential candidate. Party Chairman Bouterse has repeatedly made it known that he "is prepared to assume the responsibility" if the NDP wins enough votes to assume power. The president must be elected by the new Parliament which will take office on Thursday.

Venetiaan announced yesterday that today he still wants to set up a committee which must look at how, following the elections, an inquiry can be conducted into "the December killings and other human rights violations."

But he sees it as a "race against the clock" and is therefore uncertain whether it will succeed. If the NF remains in government, then Venetiaan believes there will most certainly be an inquiry. "But there is one possible escape route, and that is if the people responsible for the killings return to the center of power," stated Venetiaan in a reference to Bouterse.

Setting up this committee on the very last day before the elections is clearly leaving it very late. Venetiaan claims that it was not possible any earlier as the Army first had to return to barracks and economic stability had to be restored.

Although opinion polls put the NF and NDP neck and neck, Venetiaan expects the present government to remain in power: "I do not think there is a big chance of the NF going into opposition." He denies that the population has seen too few results from the economic improvements of the previous year. "Under the military regime many articles were difficult to obtain, such as rice, oil, and soap. Now they are available." Venetiaan attributes the NDP's popularity to propaganda. "The NDP has a couple of experts in that. The world knows what the result can be."

A tricky question in Suriname is the concession requests for large-scale lumbering in the virgin forests by a number of Asian multinationals. Despite much international criticism, Venetiaan claims that it is not true that the NF is threatening the interests of the environment and the population of the interior. "We will ensure that any contracts are ecologically and economical sound and that this takes place in harmony with the local population."

Venetiaan remains displeased at the fact that the Netherlands only agreed to resume development aid last year. "That was at the 11th hour."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.